

## *Melanesia in Review: Issues and Events, 1996*

---

For the first time, a review of Irian Jaya is included in this issue.

### Fiji

In his new year address to the nation, Prime Minister Sitiveni Rabuka urged the people of Fiji to make 1996 the year of “national consensus.” It was perhaps an appropriate refrain, given the expected challenges that lay ahead. Uppermost in the prime minister’s mind was dealing with the findings of the Constitution Review Commission. Its report was due to be handed to President Ratu Sir Kamisese Mara sometime in the middle of the year. But if 1996 was remarkable for one thing, it was the prime minister’s ability to confuse and confound political foes and allies alike. In a year marked by economic gloom and political uncertainty, the prime minister’s quest for “national consensus” seemed to raise more questions than it answered. How serious and genuine was Sitiveni Rabuka? More important, was he capable of forging national consensus in Fiji, providing the strong and enlightened leadership so desperately needed?

The national consensus initiative got off to a rocky start in February, when the ruling party, the *Soqosoqo ni Vakavulewa ni Taukei* (SVT), held “National Consensus Talks” with the two Indian opposition parties, the National Federation Party (NFP) and

the Fiji Labour Party. It was expected that these would continue in the lead-up to the handing over of the Constitution Review Commission report. But overshadowing the national consensus talks was the government’s handling of the highly charged land issue. Agricultural leases are due to expire in 1997, under the Agricultural Landlord and Tenants Act (ALTA). In February, leader of the House of Representatives and government backbencher Koresi Mata-tolu announced that his newly formed Fijian Canegrowers Association would campaign for the nonrenewal of cane leases for Indian farmers. He also claimed that Fijian cane farmers (who currently make up about 25 percent of the farmers) would “take over the sugar industry by the year 2000.” What incensed the Indian opposition was the government’s (and Rabuka’s) silence in the wake of these claims and their failure to censure Matatolu. Instead there was a general plea from the deputy prime minister for “greater sensitivity” on all sides.

By March “Fijian unity” seemed to have replaced “national consensus” as the government’s first priority. The Fijian Association Party leader, Jose-fata Kamikamica, failed yet again in his bid to win the Tailevu seat in the House of Representatives, his third loss since the general elections in 1994 and the second in a by-election. He lost to the SVT candidate, Ratu Manasa Seniloli. Immediately after the by-election, Rabuka offered the Fijian Associ-

ation Party (FAP) a possible coalition partnership with the *Soqosoqo ni Vakavulewa ni Taukei*. The offer was made through President Ratu Sir Kamisese Mara. It was suggested by Rabuka that Kamikamica could be given a seat in cabinet through appointment to the Senate. Observers speculated that Rabuka's invitation to the Fijian Association Party, which caught everyone—not least Kamikamica—by surprise, was motivated by Rabuka's need for Kamikamica's help in managing the nation's economic problems. It was also suggested that Kamikamica's entry to the cabinet might have a "calming effect" on the Indian opposition, insofar as he was regarded as a moderate on constitutional issues. But there was also the possibility that this was part of a ploy by Rabuka to exert control and leverage over the SVT caucus—a way to ensure cooperation and unity within caucus when dealing with issues like the Agricultural Landlord and Tenants Act and the constitution.

Whatever the intention, the initiative failed to materialize and the coalition talks broke down after barely beginning. In April, Rabuka accused the Fijian Association Party of setting conditions, including the requirement that Kamikamica be the coalition leader. It was later found that Rabuka had based his claims on inaccurate media reports and no such condition had been made. Rabuka also stated that talks with the opposition leader, Jai Ram Reddy, were going well, removing the need for a coalition with the Fijian Association Party. But while the idea of a government of national unity was being bandied around in the

media, there was no consensus on the prime minister's position on the issue. As one observer noted, "No one can recollect whether Rabuka had actually mentioned a government of national unity in any definitive form" (*Review*, May 1996, 20).

The prospects for a marriage between the *Soqosoqo ni Vakavulewa ni Taukei* and the Fijian Association Party seemed to be killed by the death of Ratu Manasa Seniloli, the newly elected representative for Tailevu. Known to be terminally ill at the time of the election, his death only weeks into his term unexpectedly forced the issue of whether or not to field a joint SVT-FAP candidate. Rabuka had mooted the idea in the media the previous month, suggesting that Kamikamica could be nominated unopposed for the seat in any future by-election. In May, talks led by SVT powerbroker Inoke Kubuabola were held with the Fijian Association Party on the issue of a joint candidate. But Rabuka was reportedly against the idea, stating that he did not need the Fijian Association Party. Both parties subsequently fielded separate candidates.

The *Soqosoqo ni Vakavulewa ni Taukei* nominated former Commissioner Western Lagisoa Delana, while the Fijian Association Party decided to try a new tack and nominated Bau high chief Ratu Epenisa Cakobau instead of Kamikamica. The Fijian Association Party hoped that the Cakobau name would carry enough weight to swing the votes in their favor. This was not to be, and the *Soqosoqo ni Vakavulewa ni Taukei* once again scored a victory in the by-

election held in June. Reflecting the divisions in the chiefly establishment, the SVT candidate had been strongly supported by the two powerful sisters of the Fijian Association Party's candidate, Adi Litia Cakobau and Adi Samanunu Talakuli.

While the two Fijian parties failed to resolve their differences, there were signs of greater cooperation between the Fijian Association Party and other political parties. The Fijian Association Party invited NFP leader Jai Ram Reddy to address a fundraising dinner in May, and there was agreement between the National Federation Party, the Fijian Association Party, the Fiji Labour Party, and the General Electors Party to field joint candidates in the up-coming municipal elections, under the banner of a new Ratepayers' Association.

The *Soqosoqo ni Vakavulewa ni Taukei*, meanwhile, indicated that it might be prepared to change the racial exclusivity of its party. In May a committee reviewing its constitution suggested that the party be opened up to other races. This was interpreted as a revival of the "three-legged stool" concept of the old Alliance Party of Ratu Mara, which was a combination of the Fijian Association, the Indian Alliance, and the General Electors Association. Some observers believed the proposal was an attempt to instill credibility in the government, while others saw it as a sign that the *Soqosoqo ni Vakavulewa ni Taukei* recognized it could not solve the nation's problems without the participation of all races.

Rabuka's thoughts on this issue were not made public, but he was clearly troubled by problems of unity

and discipline within his ranks. In May, the volatile and unpredictable backbencher (and Rabuka's uncle), Militoni Leweniqila, publicly threatened to bring down the Rabuka government. He had made similar threats in previous years. Although the outburst was quickly quelled, and a public and tearful apology made by Leweniqila was accepted, the incident appeared to be the catalyst for a cabinet reshuffle. Rabuka announced the new cabinet line-up in June, the ninth in four years. It was widely regarded as creating Rabuka's best cabinet to date, with the inclusion of several highly competent ministers. Also included were some well-known and outspoken critics of the prime minister, Leweniqila among them. But if Rabuka had sought to strengthen party unity with his new cabinet line-up, the manner in which the reshuffle was announced seemed highly provocative. None of the cabinet ministers dropped by Rabuka were personally informed of their removal, and Rabuka flew out of the country just hours after finalizing the reshuffle. For those former ministers, justifiably dismayed at their demotions, this treatment would have caused some disquiet and resentment.

The country awaited the release of the Constitution Review Commission report with some trepidation. The Indian opposition parties attempted to sound hopeful and optimistic, but this was a difficult task given the anti-Indian tone of the *Soqosoqo ni Vakavulewa ni Taukei*'s own submission to the commission in October 1995. That submission had rejected the need for any change to the 1990 constitution. According to Jai Ram Reddy, "We take

it one step at a time. I have put my good faith in the decency and good faith of all races and I am working on that premise. If at the end of the road that does not work out, then we will look at other options" (*Review*, May 1996, 19).

The issue of land and the review of the ALTA legislation highlighted the problem of forging national consensus. In a poignant reminder of how deep the racial gulf remained, Indian farmers reported their inability to discuss the future of their land leases with Fijian landowners. One farmer from Sabeto admitted he had not held any talks with his landowners on the renewal of his lease, fearful that doing so would cause bad feeling. "What if they ask for money to renew? How do I react?" (*Review*, June 1996, 53). Confusion and uncertainty prevailed on both sides, especially on the issue of whether the renewal of leases was something to be decided between the tenants and the landowners, or by the Native Lands Trust Board (NLTB, the official landlord). There were numerous cases of landowners demanding premium payments for the renewal of leases, contrary to board policy. Many farmers preferred to comply with these demands, rather than risk antagonizing the landowners. There was criticism of the government's failure to clarify the future of land leases and to assuage the fears of Indian tenants. A survey being carried out by the Native Lands Trust Board on the amount of land to revert to landowners was not expected to be completed until the end of the year.

Also testing the government's will to build national consensus was its han-

dling of numerous allegations, and actual cases, of mismanagement, corruption, and abuse of office. The Native Lands Trust Board itself became the focus of a police investigation after a former assistant auditor alleged misuse of a total of F\$200 million by the board. There was no way of immediately verifying the allegation, as NLTB accounts had not been audited since 1989. Other targets of inquiry were the Housing Authority and the Fiji Public Service Credit Union. In the latter case it was revealed that office bearers had taken out loans far in excess of the value of their shares. But it was the National Bank of Fiji, declared "technically insolvent" in 1995, that created the most political and economic waves. In March it was revealed by the new management that the problem of bad loans, previously thought to be F\$120 million, actually stood at F\$220 million. It was estimated that up to F\$160 million would have to be written off. As a way of managing this, the bank would be restructured into a good bank (a personal bank) and a bad bank (an asset management bank), which would serve as a specialized recovery unit. A government bond would be issued to buy the problem loans and transfer them to the bad bank. It would also be necessary, as part of cost-cutting efforts, to implement staff redundancies.

What infuriated the public, the unions, and the opposition parties was the government's refusal to take action against those in positions of authority, who were ultimately responsible for what has emerged as the biggest financial disaster in Fiji's history. They included former Finance Minister (and

current Home Affairs Minister) Paul Manueli. Instead the bank's employees looked set to pay the price for the folly and greed of their superiors. About 340 workers were to be made redundant. In July, as parliament began debating the National Bank of Fiji restructuring bill, bank workers went on strike in protest against the size of the redundancy package offered by management. It became one of the longest running strikes in recent years. After two weeks, a compromise package of F\$7.8 million was agreed to, but not before Prime Minister Rabuka provoked public outrage by suggesting that civil servants should perhaps take a 2.5 percent pay cut to help keep the bank workers on board. This went down like the proverbial lead balloon with the Fiji Public Servants Association, which had a 3.5 percent pay raise pending.

In parliament, both the National Federation Party and the Fiji Labour Party sought to capitalize on the public anger over the National Bank scandal. Jai Ram Reddy planned to move a motion of no confidence in Paul Manueli. This was deferred until the September session. Labour leader Mahendra Chaudhary called for the resignation of the governor of the Reserve Bank of Fiji. Most observers remained skeptical that police investigations into cases of fraud at the National Bank would lead to successful prosecutions.

As the Constitution Review Commission neared the completion of its report, there seemed to emerge a renewed spirit of consensus, at least among the main political parties. This was evident with the decision taken by

Reddy in August to not pursue his motion of no confidence in Manueli over his role in the bank scandal. Ostensibly this was because the prime minister would be overseas at the time. But it was apparent that Reddy's (and Rabuka's) main concern was not to sour relations in parliament as it prepared to receive the commission's report, and not to undermine unity in Rabuka's cabinet. The other sign of political consensus was far more self-serving. Government and opposition parties in parliament voted overwhelmingly in favor of a pay raise for parliamentarians, which had been recommended by the Parliamentary Emoluments and Benefits Committee, chaired by prominent businessman Lionel Yee. The pay increase would cost an estimated F\$700,000, with remuneration for cabinet ministers and the opposition leader increasing by 44 percent.

There was no dissent in parliament on the recommendations, although outside parliament the move caused widespread consternation, if not contempt. Some union leaders vowed to follow the parliamentarians' example and push for their workers to receive comparable pay increases. Then, in an embarrassing about-face, Rabuka ordered that the raise be put on hold. It had been brought to his attention that increases in field allowances for soldiers serving in peacekeeping operations, approved in 1993, had so far not been implemented because the government could not afford the increase. But there were questions about the "legality" of Rabuka's actions in stopping legislation that had been agreed to by parliament, and the cabinet later ruled

that the raise for parliamentarians should go ahead.

September saw the long-awaited release of the Constitution Review Commission report. The three commissioners, Chairman Sir Paul Reeves, Dr Brij Lal, and Mr Tomasi Vakatora, handed their 699-page unanimous report to the president on 6 September. The day before the report was tabled in parliament its contents were leaked to the *Fiji Post* newspaper. This was the first indication that the commission had recommended far-reaching changes to Fiji's constitution. Full details were not available until after the tabling of the report on 10 September at a joint sitting of parliament that was addressed by the president, the prime minister, and the leader of the opposition and witnessed by an impressive gathering of business leaders, public servants, senior diplomats, the media, and academics. Later that day the government hosted a gala party on the grounds of parliament, to celebrate the release of the report and perhaps demonstrate its goodwill and commitment to the review process, whatever the contents of the report might be. But not everybody was in a celebratory mood that day.

While many had expected, and perhaps hoped, that the three commissioners would agree to recommend a move away from the overwhelmingly communal nature of the country's electoral system and the racial biases inherent in the 1990 constitution, no one fully anticipated the breadth of change that was being proposed. The commission had boldly defined a new vision for Fiji, one that aimed to ensure that all racial groups could feel

confident and secure in the land of their birth. The report, titled *Fiji: Towards a United Future*, had at its core the position that all races must be able to share in the government of the country, and this required the emergence of multiethnic parties or coalitions, which was not possible under the present communal electoral system. In order to promote multiethnic power sharing, the commission recommended the introduction of a common roll system for 45 seats in the 70-seat House of Representatives. The remainder should be communal (at least for the time being) and be allocated according to population as follows: 12 Fijian seats, 10 Indian seats, 2 general electors' seats, and 1 Rotuman seat. While the Upper House would not be based on ethnicity, the provinces would form the bases of the constituencies, with two candidates elected from each province. This system would probably favor Fijians.

On the question of Fijian paramountcy, the Constitution Review Commission's position was that while Fijian interests needed to be given special protection, this should not be through relegating other races to a lesser status. "We find no basis on which the paramountcy of Fijian interests or Fijian political paramountcy can be elevated into a right," the commissioners declared. Thus, apart from the position of president, no positions or proportions of public offices should be reserved for people of a particular race. The approach they recommended was "entrenchment" in the constitution of provisions concerning Fijian interests relating to land, natural resources, chiefly titles, customary law,

and dispute settlement. Under the current system, policy over such areas may be subject to amendment or appeal by act of parliament. Entrenchment was also recommended for the role and powers of the *Bose Levu Vaka Turaga* (the Great Council of Chiefs). Among other things, the commission recommended that the Great Council of Chiefs be given direct power to veto legislation that might affect Fijian interests. In general the commission elevated the Great Council of Chiefs to a position of political power not currently enjoyed under the present constitution. This was seen as providing greater protection for Fijian interests than the current system provided.

Sensing the need for calm, both the president and the prime minister sought to allay Fijian fears that what was being recommended would harm their interests. Addressing the joint sitting of parliament, Rabuka said, "The country needs a constitution that gave all citizens a feeling that this is their home" (*IB*, Oct 1996, 37). He also mentioned the need to meet international obligations and to restore local and foreign business confidence. But it was clear that building consensus around this report would not be an easy task. The immediate challenge came from within Rabuka's own party, when a number of prominent SVT parliamentarians and cabinet ministers voiced their strong disapproval of the report "because the CRC has totally rejected and disregarded the party's submission." It was even suggested by some that Rabuka should not chair the Parliamentary Select Committee that would consider the report, because his pro-multiracial stance would compro-

mise Fijian interests. Rabuka's response to this was unequivocal: "As Prime Minister I wish to ensure the success of consensus building within the committee. I need to be there" (*FT*, 24 Sept 1996, 1).

Fijian politicians from other political parties, including the Fijian Association Party, the Vanua Independent Party, and the Fijian Nationalist Party of Sakeasi Butadroka, found common cause with the SVT hardliners in opposing the Constitution Review Commission's recommendations. The prime minister was condemned for forsaking the cause of the 1987 coup. This forced Rabuka to issue an ultimatum to government ministers who were speaking against the report: those who preferred the path of the Fijian Nationalist Party and others advocating civil unrest should resign. None did.

The other main challenge came from the provincial councils. Rabuka's own province of Cakaudrove voted to reject the report "because it did not protect Fijian rights." This meeting had been chaired by SVT hardliner and Deputy Prime Minister Ratu Inoke Kubuabola. While some provinces voted as Cakaudrove did, others decided to wait for the recommendations of special council committees, which would study the report and provide a more informed opinion to the provincial councils. This approach was adopted by Lau, but only after strong pressure from President Ratu Mara and Lauan Senator Filipe Bole. Ratu Mara reportedly warned delegates to the Lau Provincial Council: "If anyone is contemplating throwing out this report, I have a good mind to do the same to him" (*FT*, 8 Oct 1996, 5).

Other political parties, as well as international opinion, were clearly pleased with the report's findings, although none wanted to sound too confident. NFP leader Jai Ram Reddy preferred to remain circumspect in his comments, declaring that he did not want to preempt the deliberations of the Parliamentary Select Committee. Reddy had agreed with Rabuka that the committee should meet in camera, with no reporting of its deliberations until its work was done. It was also agreed that normal parliamentary sessions, after the budget session in November-December, should be suspended until the committee completed its work. This is expected to be around March 1997. The review process needs to be completed by July 1997, as stipulated in the 1990 Constitution. The task of the Select Committee is to agree on the recommendations of the report, to be adopted by parliament through an amendment to the 1990 Constitution. The committee's recommendations must first be approved by the Great Council of Chiefs. The Select Committee comprises 24 members from the *Soqosoqo ni Vakavulewa ni Taukei*, the National Federation Party, the Fiji Labour Party, the Fijian Association Party, and the General Electors or General Voters Parties.

If Rabuka was disappointed that the Constitution Review Commission report had seemingly shown little regard for the *Soqosoqo ni Vakavulewa ni Taukei*'s submission, he did not show it. His statements reiterated the national consensus theme: "The stance of Fiji for the Fijians won't work" (*Review*, Nov 1996, 15). He also publicly condemned the Fijian

Nationalist Party and newly revived Taukei Movement for their threats of civil unrest. There was speculation that the prime minister was finally rising above communal and racial politics. However when the *Soqosoqo ni Vakavulewa ni Taukei* suffered a crushing defeat in the municipal elections in late September, against the multiracial Ratepayers' Association, Rabuka was quick to blame the common roll electoral system, among other things, for its poor showing. Such a system, he said, did not guarantee Fijian representation for Fijians. Claiming that Fijians needed to have seats reserved for them, he suggested amendments to the Local Government Act to allow the appointment of village representatives on municipal councils. This response struck at the heart of the approach advocated by the Constitution Review Commission in its report and led the *Fiji Times* to editorialize that "the call was a throwback to [the prime minister's] philosophy at the time of the coups: if you can't win, change the rules."

In what was probably his most surprising performance of the year, Rabuka broke down and cried at a Christian interdenominational thanksgiving service in November. The tears were shed, he said, in asking for forgiveness from the people of Fiji. He would not specify, though, what he was asking forgiveness for. Some speculated that perhaps he should be asking forgiveness for the shocking revelations in the *Auditor General's Report for 1993-94* (released in late October), which chronicled widespread mismanagement and abuse of office by government officials, includ-



ing theft and misappropriation. Nepotism was found to be rife. The result was considerable loss of revenue from government coffers (and taxpayers' pockets). More worrying perhaps was a loss of morale and a creeping culture of corruption. The main problem was seen to be laxity in taking disciplinary measures and in following proper procedures and guidelines.

Following closely on the heels of the auditor general's report was the first of the high-profile prosecutions in the National Bank of Fiji saga, involving senior bank management, business-people, and politicians. Appearing in court for the first time were former National Bank of Fiji General Manager Visanti Makrava, two SVT parliamentarians (and former cabinet ministers) Koresi Matatolu and Ratu Ovini Bokini, and prominent fishing company executive Graham Southwick. While Matatolu was charged with fraudulent conversion of F\$200,000, Ratu Ovini was charged with official corruption—accepting bribes from Southwick among other things. All the accused pleaded innocent, but Matatolu was eventually forced to stand down from his position as leader of the House of Representatives.

The state of the economy in 1996 was perhaps also cause for tears. In January, Minister for Trade and Commerce Jim Ah Koy confidently predicted that "1996 is going to be the year of the turnaround" for the Fiji economy (*Review*, Feb 1996, 23). He cited as evidence the number of new projects that would see fruition that year, including the Namosi copper mine, Vulani—a new tourism develop-

ment near Nadi, and the recently privatized shipyard. Unfortunately, by the end of 1996, Placer (the company developing the Namosi copper mine) had announced that it was withdrawing from Fiji because it had been unable to find a partner to share the risk. Placer had raised hopes, at one time, of generating around F\$600 million a year from the Namosi venture. The government's first case of privatization also proved a disaster when the New Zealand partner in the shipyard deal announced it had gone into receivership and was pulling out. No investors came forward in the Vulani development, although the nearby Denarau resort was taken over by new owners with the promise of major new development. Meanwhile the Levuka-based Pacific Fishing Company was forced to shut down, laying off five hundred workers (until the government injected an emergency cash flow of F\$5 million into the company). The company's problems included poor productivity, erratic tuna supply, competition from other producers, and loss of markets overseas.

There were few positive economic indicators in 1996. On the bright side, Emperor Gold Mine announced plans to open two more mines on Viti Levu. Garment manufacturers anticipated a boom in exports in the next few years, rising from F\$200 million to F\$500 million by the year 2000. The long-term future of the industry looked increasingly uncertain, however, given the unwillingness of Australia and New Zealand to relax the rules of origin under the SPARTECA trade agreement. Cane production in 1996 was high, but the industry reported a loss

of earnings due to inefficiencies in production and low sugar content of cane. On the other hand, a severe decline was reported in the retail sector, and the property market remained depressed. Lack of consumer confidence was pervasive, and businesspeople worried about the inaction of the government, especially its failure to implement any of the recommendations of the 1995 Economic Summit. In response to such criticism, Rabuka released a budget strategy document in May, titled *Action Now*. It stated that the government would aim for a balanced budget by the year 2000, and set a 3 percent growth rate for the next four years.

The budget, handed down in November, was notable for being the first billion-dollar budget in Fiji's history but also, more disturbingly, for having the highest deficit to date (F\$219.7 million or 8.2 percent of gross domestic product). It included a provision of F\$133 million for the National Bank of Fiji's "bad bank." The national debt was estimated to be F\$1.167 billion, with an annual interest of F\$108.8 million. Opposition parties warned that the country was heading toward bankruptcy. The government set 1999 as its target for achieving a balanced budget. But with no new tax raises or spending cuts, it was difficult to see how this would be realized. One revenue-generating idea, the dubious Asia Business Migration scheme, was revived by cabinet. It is a deal between the government and a Hong Kong-based company that will allow a maximum of seven thousand four-person "units" into the country, each paying US\$30,000 as an initial

investment. A second investment of US\$100,000 would later be required, paid into an investment account administered by the Hong Kong-based company.

Addressing the fundamental economic problems of the nation will, however, require more substantive measures. What many regarded as Fiji's principal problems—low investment levels by the private sector coupled with unemployment and poverty—may only be alleviated through the resolution of political issues: the constitutional review, the Agricultural Landlord and Tenants Act, greater accountability in government, and an improvement in its overall economic management.

As the year drew to a close, many in Fiji were probably pleased to see the end of 1996 and hoped for a better 1997. It had been a shocking year for the unprecedented number of road deaths (112) and reported violent crime, including gang rapes and murders. Race relations did not seem any better, with a number of reported cases of vandalism and theft at Hindu temples and other places of worship. Migration figures revealed a continuing high number of Indians leaving the country (4463 in 1995, out of a total of 4931 emigrants that year). With many Fijians probably uneasy at the recommendations of the Constitution Review Commission, it falls on all parties to promote reconciliation and compromise. But perhaps most critical is the role and leadership of Rabuka. Will there be a satisfactory outcome to the constitution review process and the Agricultural Landlord and Tenants Act in 1997? Much depends on the prime

minister. Whether he has the fortitude, goodwill, and determination to bring it off remains to be seen.

SANDRA TARTE

### References

FT, *Fiji Times*. Daily. Suva.

IB, *Islands Business*. Monthly. Suva.

Review. Monthly. Suva.

### IRIAN JAYA

During 1996 Irian Jaya featured even more prominently in the national and international media than during the previous year, when reports of human rights abuses in the area of the Freeport mine had brought the easternmost province of the Republic of Indonesia under the closest international scrutiny since its incorporation in 1969. Freeport was in the news again in 1996, when rioting in the townships of Tembagapura and Timika forced the mine to close briefly, but the outstanding media event of the year was the taking of twenty-four hostages—seven of them European—at Mapnduma by guerrillas of the *Organisasi Papua Merdeka* (OPM). A compound of media attention during the previous year, the presence of a large press contingent over the five months of the Mapnduma hostage crisis, and the continuing development of Internet and other communications links, produced an unprecedented flow of information about the province. This information is of variable quality, and reports of the same event from different sources rarely concur, but the net result has

been that events in Irian Jaya are now more openly reported and more widely discussed than ever before.

A series of clashes between the military and the *Organisasi Papua Merdeka* in the vicinity of Timika and the Freeport mine during late 1994 and early 1995 had resulted in an undetermined number of deaths among the local Amungme community. Reports of up to seventy-seven deaths and a number of other serious human rights abuses during this period made international news after the release of successive reports, first by the Australian Council for Overseas Aid in April 1995 and then by the Bishop of the Jayapura diocese, Monsignor Munninghoff, in August 1995. Investigative missions by the Australian and United States embassies and by the National Commission for Human Rights (Komnas Ham) could find no evidence for the direct involvement of Freeport security personnel in these events, but forced the army, which had denied the veracity of the reports, to launch its own investigations. Four soldiers—a lieutenant and three privates—were arrested and appeared before a military court in January 1996 in connection with a massacre near Hoesa village, where between three (the army's estimate) and eleven people had been killed; the privates were sentenced in February to jail terms ranging between one and three years, the officer to a sixteen-month term. A further consequence of this trial was the release of a fifteen-page booklet by the chief of the regional Trikora Regional Command, Major-General Dunidja, outlining the army's code for conduct in relation to human rights.

A clear line of connection can be traced between the events of 1994–95 and the taking of the hostages at Mapnduma by the *Organisasi Papua Merdeka*. The local OPM leader, Kelik (“Kelly”) Kwalik, was an Amungme who had lost at least four family members during the 1994–95 killings. The targeting of Europeans as hostages appears to have been part of a deliberate policy aimed at drawing the attention of a larger audience to the grievances of the general Timika area. On 8 January 1996, a large contingent of some two hundred men, armed for the most part with bows and arrows, took twenty-four people hostage in the village of Mapnduma, 160 kilometers east of Timika. Among the hostages were two teams of researchers: a joint expedition from Cambridge University and the Jakarta Biological Sciences Club, and a smaller World Wildlife Fund for Nature (WWF) team pursuing a long-term project in conjunction with local communities aimed at improving the viability of the Lorentz Natural Reserve. In all, seven Europeans (four British, two Dutch, and a German) and four non-Irianese Indonesians were taken, along with several of their Irianese colleagues and assistants, and a large number of Mapnduma villagers.

News of the kidnappings was greeted by international headlines that suggested a lack of editorial familiarity with the people, let alone the location, of Irian Jaya: “Brit Students in ‘Lost World’ Kidnap Terror,” “4 Held by Head-Shrink Tribe” (*DM*, 11 Jan 1996). Senior army officers, including Brigadier-General Prabowo Subianto, commander of the elite Kopassus

brigade and son-in-law of President Suharto, assembled in the nearest government centers at Wamena and Timika, together with detectives from Scotland Yard. Despite some initial announcements to the contrary, the army soon settled for a strategy of negotiation with the hostage-takers, who insisted on dealing only with Christian mission contacts. Although varying lists of demands were released by OPM leaders living in exile, the conditions set by the hostage-taking party included recognition of the independent state of West Papua and a plane; neither demand was acceptable to the Indonesian authorities, and the ensuing stalemate promised a standoff of some duration. Fourteen of the hostages, all of them villagers from Mapnduma, were released within the first two weeks, together with German Frank Momberg (WWF), who was handed over to the missionaries to act as an intermediary on the understanding that he return to captivity (a condition that was later waived).

Though the leader of the group that had initially taken the hostages was Daniel Yudas Kogoya, of the local Nduga community, Kelly Kwalik had clearly assumed control by 25 January, when he met with Bishop Munninghoff. Shortly after that meeting, which failed to secure the release of any other hostages, contact with the hostage party became increasingly sporadic. Not until 23 February was another meeting held, this time under the auspices of the International Center for the Red Cross, whose representative Henry Fournier entered into a marathon series of negotiations that ran intermittently for almost eleven weeks.

The relevant chain of command within the *Organisasi Papua Merdeka* was never clearly established; at times Kwalik and other members of the Mapnduma unit would allude to an immediate superior based in neighboring Papua New Guinea, identified widely by others as Moses Weror. However a letter from Weror, secured by the Red Cross at a meeting with him on 9 March, which demanded the immediate release of the hostages, was pointedly ignored by Kwalik. As with most other OPM units still operating in Irian Jaya, Kwalik's group appears to have acted largely independently of any other unit.

Visits to the hostages by Red Cross doctors monitored the slow decline of their health, but a sense of urgency in the negotiation process developed out of concern for Martha Klein, who had been four months pregnant when taken hostage. Events moved quickly after 8 May, when a handover ceremony at the hamlet of Geselama, brokered by the Red Cross, was called off at the last minute by Kwalik. The Red Cross formally withdrew from further negotiation, and the army, smarting from having been sidelined during much of the crisis, moved immediately into action. Pilotless drone aircraft located the hostage party using infrared sensors that detected heat from bodies and fires. A week later, on 15 May, the hostage-takers, who had been on the move for days, broke into flight from approaching Kopassus soldiers; in a confusing series of events, nine of the eleven remaining hostages ran for freedom, but two of the Indonesian hostages, Navy Panekenan and Yosias

Lasamahu, were killed by their captors.

The foreign hostages were returned to their respective countries after an emotional funeral for their two colleagues in Java. The British press excelled itself in an orgy of tabloid journalism, writing of "savage" "Stone Age rebels" in their "jungle hell" indulging in "wild hypnotic dancing" and wielding "poison arrows" to threaten "pretty brunette" hostages (*DM*, 17, 20 May 1996; *Guardian*, 17 May 1996). The army, which was widely praised for its role by the Indonesian parliament, the governments of the foreign hostages, and the World Wildlife Fund for Nature, promoted all those troops involved.

Less heralded were some of the incidental casualties of the Mapnduma hostage crisis. In the course of military operations during the crisis, three young Nduga boys were killed, and three more wounded on 12 March when playing with grenades left in Kenyam village. Reprisals for these and other incidents resulted in the killing of two soldiers on 14 April; the following morning, when their bodies were brought to an airport hangar in Timika, a Kopassus soldier apparently went berserk, killing sixteen and wounding another fourteen. The dead were mostly Kopassus soldiers, Lieutenant-Colonel Adel Gustimigo, the commander of the antiterrorist Detachment 81, being among them, but they also included an Airfast pilot from New Zealand and four other civilians. A ban has since been placed on visits to the Lorentz Natural Reserve and on walking trips to the area of the Carstenz glaciers and, with

the justification of the deaths on 8 May, the army has continued to pursue the Kwalik group in an arena that is no longer the focus of international attention.

Although the Mapnduma hostage crisis attracted more attention from the international press than any other event in Irian Jaya since the death of Michael Rockefeller in 1961, other equally newsworthy events that occurred during the crisis received little coverage. The two most notable events, in terms of mortality alone, were the reports during February and March of the deaths of at least 229 people in a series of respiratory-related epidemics in the Jayawijaya regency in which Mapnduma lies, and the loss of more than 100 lives and destruction of over two thousand homes in a massive earthquake and tidal wave that rocked Biak on 17 February.

There was also a telling contrast in the limited international coverage accorded to three other hostage-taking events during 1996. Two Indonesian high school students, captured by the *Organisasi Papua Merdeka* in November 1995 and taken across the border to Papua New Guinea, were finally released unharmed on 28 January 1996 after the Indonesian authorities rejected a ransom demand of Rp34 million. In February, a French mining geologist working for PT Nabire Bhakti and his Irianese assistant were kidnapped in the West Paniai area by an OPM unit led by the Yogi brothers, but released, also unharmed, after one night. The third kidnapping occurred on 15 August, when the Yogi brothers took seventeen employees of the timber company, PT Kamundan Raya, a

subsidiary of the Djajanti Group, from their camp in the West Mimika area, some 60 kilometers west of Timika. Pursued by the military, who managed to kill Titus Orop Yogi on 22 August, the captors released their hostages in several batches until 18 September, when the last two hostages were found murdered; the rest of the hostage-taking party escaped. Initially, the military had identified the hostage-taking as an apolitical act of banditry, but documents found on the body of Titus Yogi were regarded as firm evidence of OPM links. Armed Forces Commander General Feisal Tanjung entered into a war of words with WALHI, the national umbrella organization for environmental nongovernment organizations, when he suggested a link between them and the Djajanti kidnapping. Meanwhile the Amungme leader, Tom Beanal, was forced to strenuously deny the role reported for him, by both the military and overseas OPM representatives, of spokesman for the Yogi brothers' group. Following the Djajanti kidnapping, the army required all timber companies working in the Timika area to accept a military security presence or face a ban on further logging activity, resulting in the suspension in October of Djajanti's operations in the area.

Mineral resource companies operating in Irian Jaya kept pace with the nationwide boom in exploration and development. British Gas announced a major find of natural gas at its Muturi concession in Bintuni Bay, while Atlantic Richfield reported a trebling of the estimate of reserves at its enormous gas field in the adjacent Wiriagar concession, a find that caused some

embarrassment in Jakarta because the Indonesian government was then bolstering its claim to the Natuna gas field, in the South China Sea, by linking the development of Natuna to a series of ambitious industrial projects. One of these projects, the brainchild of State Minister of Research and Technology B J Habibie, involves the clearance of the vast Lakes Plains area of Irian Jaya and the construction of a hydroelectric dam across the Mamberamo River. During a state visit to Indonesia by Germany's Chancellor Kohl in October, a memorandum of understanding was signed by the two countries relating to the Mamberamo Project, which will ultimately power a regional industrial center. By December, the decision had been taken to develop both the Natuna and the Bintuni Bay fields simultaneously.

PT Freeport Indonesia, the developer of the single largest and most valuable mining complex in Indonesia at its Grasberg mine and "Golden Triangle" of orebodies in the Tembagapura area, was again the center of most of the province's mining activity. During 1996, the company announced an increase in proven and provable reserves of 600 million tonnes and plans for the expansion of mill throughput from 120,000 to 200,000 metric tonnes per day. Positive results were also declared from drilling programs at Freeport Indonesia's major new prospect at Wabu, to the north of the Grasberg mine, and at the Kucing Liar prospect within the Golden Triangle. The results of an audit by Dames & Moore of the company's environmental performance were made public in April and played an important role

in the reinstatement of its political risk insurance policy, which had been canceled during the previous year by the US Government's Overseas Private Investment Corporation (OPIC). In September, Freeport canceled both its OPIC and World Bank MIGA insurance contracts, a move regarded by analysts as a rebuff to OPIC and an attempt to withdraw from the MIGA policy before MIGA dispatched a field team to investigate compliance with the terms of the policy.

A parallel audit in February of Freeport Indonesia's social impacts by Labat-Anderson resulted only in a preliminary report, as the audit's findings were rendered irrelevant almost immediately when three days of rioting in the townships of Tembagapura and Timika forced a temporary shutdown of the mine. Such is the world significance of Freeport's copper production that the price of copper jumped US\$15 to US\$2580 per tonne when news of the shutdown broke (*Australian*, 14 March 1996). The immediate cause of the riots was an accident on 7 March, in which a Dani man was injured by a Freeport vehicle; although he recovered sufficiently to be released the following day, some of his kinsmen were denied access to the hospital to visit him. By 9 March a crowd of three hundred had gathered to demand that Freeport disband its unpopular security force and, after an Amungme woman and her child were barred from the Tembagapura shopping center on 10 March by Freeport security, protesters attacked the town's offices, schools, and shops. On 12 March, the riot shifted to Timika, where between five hundred and three thousand peo-

ple attacked Freeport Indonesia's environmental laboratory and other facilities, and began to move on the airport. The arrival by plane of troops, accompanied by Prabowo, forced an end to the protests, but not before three people had died in a vehicle accident during the riot. Jim-Bob Moffett, the chief executive officer of Freeport Indonesia's parent company, Freeport McMoRan, arrived on 13 March and, in a meeting held the following day at Timika, was confronted with a list of demands from forty community representatives.

At a promised second meeting on 13 April, Moffett made an offer of a complex package of financial arrangements, which included earmarking 1 percent of Freeport Indonesia's annual revenue for development programs for the local communities over a period of ten years (the "Integrated Timika Development Plan"), doubling the number of its Irianese employees within five years, and committing up to US\$100 million to an environmental "clean-up" fund. The initial terms of a trust fund supplied by a yearly dividend and a position for local representatives at Freeport's General Shareholders Meeting were also set out, and offers made of a one-off payment of Rp500 million to each of the seven ethnic groups in the vicinity of Freeport's Contract of Work area. While this offer was being considered by community leaders, the leading spokesman for the Amungme, Tom Beanal, filed a class action lawsuit against Freeport in the District Court at New Orleans, seeking US\$6 billion in damages for human rights violations, "eco-terrorism," and "cultural

genocide." After ironing out some differences with his US lawyer, Martin Regan, Beanal flew to Louisiana for a preliminary hearing of the suit on 24 May. On 29 June, the representative council of the Amungme, LEMASA, issued a statement rejecting the offer of the "1 percent" package. Freeport, which had gone to press after the April meeting with the claim that a deal had been struck with the communities, had sought to preempt this response by encouraging the development of an alternative representative body for the Amungme, AMUNGKAL, but a major, peaceful demonstration by Amungme people in Timika on 18 July made it clear that AMUNGKAL lacked widespread support for their acceptance of the 1 percent offer and the one-off payment.

On 12 March, the same day the riots spread from Tembagapura to Timika, Dr Thomas Wainggai, a senior Biak statesman jailed for twenty years for his part in a 1988 declaration of West Papuan independence, died of heart failure while being transferred from prison to hospital in Jakarta. On 18 March, a crowd of some ten thousand people gathered at Sentani to meet the plane carrying his body. As the cortege passed through Abepura, sections of the crowd began to riot; the Abepura market, where many of the non-Irianese transmigrants sell their produce, was gutted by fire, and one soldier and four civilians were killed before rapid reaction forces from the Regional Reserve in Sulawesi and Java were flown in. In connection with the Abepura riots, 113 people in Jayapura and 4 Irianese in Java were arrested; of these, 39 were later formally charged.



Graffiti written during the Abepura riots in support of Kelly Kwalik were widely reported by the media.

The same general discontent over jobs and other opportunities for Irianese that underlay both the Timika and Abepura riots surfaced again in the northern coastal town of Nabire. Noting that Irianese represented only 15 percent of the province's civil service in the lower ranks and "even less" at higher ranks, Administrative Reform Minister T B Silalahi had announced in April that a further two thousand Irianese would be recruited as civil servants in 1996. When a limited number of appointments were made in Nabire on 2 July, a disappointed crowd of two thousand attacked government offices, the regent's house, and the local jail; there were no fatalities, but thirteen people were wounded, and Suharto himself reprimanded the local authorities for mishandling the situation. One consequence of the riots at Timika, Abepura, and Nabire has been the announcement by General Feisal Tanjung that the Timika area will now become a major regional center for the armed forces, with an airforce base and a permanent army garrison of 1850 troops at Timika, and a new naval base at the adjacent port of Amamapare.

CHRIS BALLARD

### References

*Australian*. Daily. Melbourne.

*DM, Daily Mirror*. London.

*Far Eastern Economic Review*. Weekly. Hong Kong.

*Guardian*. Daily. Manchester.

*Jakarta Post*. Daily. Jakarta.

Reuters News Service.

*TAPOL Bulletin*. Monthly. London.

*Tifa Irian*. Weekly. Jayapura.

### NEW CALEDONIA

The process of negotiating a "consensual solution" for the future of this French overseas territory took a new turn in 1996, as French Premier Alain Juppé rejected the options of either independence or association and proposed instead "autonomy" with French Polynesia as a model. This apparent abrogation of the Matignon Accords of 1988 (which provided for a referendum on sovereignty in 1998) led to intensified mobilization by pro-independence groups and the temporary marginalization of Jacques Lafleur's loyalist *Rassemblement pour la Calédonie dans la République* (RPCR). By year's end, however, they agreed on "sovereignty shared with France."

After the July 1995 provincial elections, and the rise in the Territorial Congress of dissident loyalists such as Didier Leroux, Lafleur had become more conciliatory. In January 1996 his talks with nationalist leaders of the *Front de Libération Nationale Kanak et Socialiste* (FLNKS) produced agreement that control over immigration and mineral and marine resources should devolve from Paris to the local government. Yet the FLNKS continued to demand independence in 1998, whereas Lafleur sought a "thirty-year pact" with no guarantees of separation

from France. Meanwhile, the *Union Syndicaliste des Travailleurs Kanak et Exploités* (USTKE), a multiethnic leftist labor movement that openly supports Kanak independence, organized strikes ranging from the docks to the public broadcasting organization.

In February, French Minister for Overseas Territories Jean-Jacques de Peretti seemed to have agreed with the FLNKS and RPCR to move up the referendum to 1997 and to discuss what degree of sovereignty was feasible and what paths to follow to develop New Caledonia's economy. Then in April, the follow-up committee established by the Matignon Accords met in Paris. Premier Juppé—whose political style has made him unpopular in France (*European*, 17–23 Oct 1996)—shocked the Kanak nationalists by proposing only greater “autonomy.” Rock Wamytan of the FLNKS withdrew his delegation from the talks, denounced the perceived breach of the Matignon agreements and reaffirmed his party's call for an “irreversible process leading to an accession of sovereignty,” beginning with a temporary sharing of power through some form of association as a transition to full independence (Macellan and Boengkih 1996, 5). Lafleur, who has pursued a hope that economic development will create more jobs and less discontent, accused the FLNKS of seeking an impasse in order to make more demands later.

In fact, the reference to “association” was a compromise, a couching of “independence” in pragmatic, less confrontational terms. But after the April impasse, the FLNKS replaced its team of negotiators with more radical men

who voiced a desire to discuss decolonization directly with France, without including the RPCR in talks—in effect answering Juppé's extra-Matignon ploy with one of their own. Wamytan threatened to withdraw from the Matignon peace process altogether unless Paris reinstated the possibility of independence. The FLNKS also condemned as “inadequate” the one-and-a-half- to five-year sentences handed down by the French-run court for seven loyalists convicted of burglaries and arms-caching with an intent to fight Kanak militants. Memories of intercommunal violence in the 1980s still haunt New Caledonia's political negotiators.

In late June, de Peretti visited Noumea for a week, in response to the FLNKS demand for a special envoy to get the talks back on track. Wamytan urged the minister to help Kanak rediscover their identity after a hundred forty years of French colonialism and said they would never cease their quest for control of their ancestral land. De Peretti met with a variety of groups, including customary chiefs, and left on an optimistic note in early July, saying the talks would resume. He had apparently reached confidential agreements with the FLNKS, and shortly after his return to Paris he announced that France would indeed discuss the future of the territory directly with the nationalists. “We were surprised by this attitude,” Wamytan said, “because it's a right wing in France that has accepted having bilateral discussions” (RAN, 9 July 96). The FLNKS also objected to Yves Cabana as French interministerial delegate to New Caledonia, because he had previously represented the RPCR in

negotiations, and in October he resigned.

On the international front, FLNKS leaders pressed the United Nations Decolonization Committee to mediate and even to observe the 1998 referendum. Lafleur predicted that tripartite negotiations (FLNKS–Paris–RPCR) would resume out of necessity and argued that they were an “internal matter” for France, not the concern of the United Nations. Prime Minister Maxime Carlot Korman of Vanuatu visited New Caledonia to speak with leaders ranging from French High Commissioner Dominique Bur to Wamytan, but he insisted that his country would not become involved in the issue of Kanak independence. In contrast, Foreign Affairs Minister Kilroy Genia of Papua New Guinea told the Decolonization Committee that the Melanesian Spearhead was very concerned about the plight of Kanak and called for France to respect their right to choose independence.

Discussions about New Caledonia’s social and economic future continued as well. The territory is still mostly dependent on nickel mining, which provides 90 percent of its export earnings, and on hundreds of millions of dollars in annual French aid. Plans by the local development bureau rely on a massive expansion of the nickel industry to create most of the ten thousand new jobs hoped for—tourism, fishing, cattle raising, and a host of smaller projects would account for a much smaller proportion (*IB*, April 1996, 22–24). Ethnologist Alban Bensa, who has worked among Kanak for twenty years, criticized the FLNKS emphasis on

the mining industry, tourism, and administrative employment, at the expense of agriculture or other alternatives, as the late Jean-Marie Tjibaou’s “rural” approach would have promoted. Pointing out the educational handicaps faced by most Kanak, Bensa complained that many young Kanak have false hopes that independence will bring them sudden economic success (*MD*, Feb 96, 7). Leroux, head of the dissident loyalist party *Une Nouvelle Calédonie pour Tous* (UNCPT), warned that massive investments in the Kanak-dominated Northern and Islands Provinces have built up infrastructure but done little to help the poor: “more than independence, we should fear a social explosion” (MacIellan and Boengkih 1996, 11).

Even the pro-independence Protestant Church has criticized FLNKS leaders for becoming a new Kanak “petty bourgeoisie,” now that they have moved into positions of power in the provincial governments and Congress. Among the rural and urban poor (notably in the growing squatter slums around Noumea), drug abuse, teenage suicides, and domestic violence are on the increase, along with growing dependence on imported foods. In November, Aloisio Sako, president of the Wallisian-dominated *Rassemblement Démocratique Océanien* (RDO), expressed the needs of the immigrant minority he represents in Congress by asking for more access to jobs, housing, and education. The RDO is an ally of the FLNKS and the USTKE and supports association in 1998 and ultimate independence, but Sako called for the emergence of a multiethnic “Caledonian culture” with equal rights for all.

The *Union Calédonienne* (UC) and *Union Progressiste Mélanésienne* (UPM) held their annual congresses in November, replacing their previous presidents with men perceived as more supportive of speeding up decolonization. François Burcke, well known for his gradualist stance, did not even attend the UC meetings, saying, "Wanting to move quickly is wanting to ruin everything instead of seeing the future with serenity" (RAN, 7 Nov 1996). Bernard Lepeu replaced him as UC president and declared, "Yesterday we wanted Kanak Socialist Independence; we have accepted a compromise in being content with a state associated with France that concerns all the inhabitants of New Caledonia." But he warned that Kanak paramountcy as the indigenous people of the country cannot be made subordinate to the rights accorded by Matignon to "fellow victims of history" brought in by colonization: "I cannot find my legitimacy in the concept of internal autonomy." Victor Tutugoro replaced Edmond Nekiriai as head of the UPM and argued that only the methods of achieving sovereignty were open to question: "Independence is not negotiable, because it is a right" (RAN, 11 Nov 1996). The *Parti de Libération Kanak* (PALIKA), which broke from the UC during the 1995 elections, affirmed at its congress that the FLNKS needed to speak with one voice. Raphael Mapou said the 1998 vote was essential to win, so that the project of independence would begin the very next day.

The USTKE sees itself as the socioeconomic vanguard of a self-governing Kanaky, and in cooperation with the FLNKS it has been stepping up the pres-

sure on France. The USTKE wants local control over natural resources and has protested annually against unlimited immigration, which threatens the local inhabitants' jobs. In May, the FLNKS government in the Northern Province announced that Falconbridge, a Canadian firm, would help the *Société Minérale Sud Pacifique* (SMSP, purchased, ironically, from Lafleur in 1990) develop a new nickel-processing plant by 2002. This pact was quite a coup, considering the general economic slowdown that has resulted from investor trepidations over the territory's uncertain future. But the *Société le Nickel* (SLN, majority owned by the French state), refused to allow the SMSP access to the Tiébaghi ore vein on northwest Grande Terre (the main island). Consequently, in late October the USTKE and FLNKS together called a twenty-four-hour strike that shut down 14 of the territory's 17 mines. The FLNKS declared the blockage a part of its overall negotiating process with France.

What emerged was a clash of visions over the future geography of development. The FLNKS plan would develop not only a mine at Tiébaghi but also at nearby Koumac a port, airport, and urban center to offset the concentration of population and economic activity around Noumea in the south. Paul Néaoutyine, former president of the FLNKS and chief negotiator for the Northern Province, described the plans for Koumac-Tiébaghi as carefully thought out, to redress old imbalances. In mid-November, the SLN proposed a compromise, to give the SMSP Koniambo instead, in the center-west, in exchange for Poum, on the

extreme northwest tip of Grande Terre. Raphael Pidjot commented that economically the Koniambo site would have many advantages, but its center-west location would undermine the FLNKS plan to move population and industry toward the northwest and effect a wider dispersal away from Noumea.

As this tug-of-war continued, Bernard Lepeu of the UC revealed that the FLNKS hoped eventually to move the territorial capital itself out of Noumea to Koné-Pouembout, halfway up the west coast and within the borders of the Northern Province, thus creating three nodes of urban development, not just two (and undermining, over time, the political-economic power base of the RPCR in the South). Néaoutyine said the SLN offer had its appeal, because Koniambo is right next to Koné-Pouembout, where a costly new cross-island road to the northeast coast is being built, but the FLNKS still preferred to purchase Tiébaghi and develop Koumac. By December, however, the FLNKS had agreed to the exchange of Poum for Koniambo (RAN, Nov–Dec 1996). All this maneuvering coincides with an 11 percent rise in the world price of nickel, due to reduced flows of cheap Russian ores and a demand for stainless steel in Asia. Inco, Falconbridge's chief Canadian rival, and an Australian firm are also looking into opening new sites in New Caledonia, which is the third largest nickel exporter in the world after Russia and Canada. Both nationalists and loyalists hope mining development in the North will create more jobs, even though the local high grade ore also contains asbestos, which has caused

lung cancer among employees (*PIM*, Nov 1996, 23–24). In December, elections were also held for a revived Chamber of Agriculture, which will promote exports to France.

Because of its mining industry, New Caledonia is one of the most industrialized countries in the South Pacific, and the USTKE network of twelve labor federations keeps growing in power. Its economic activism lends significant clout to FLNKS demands for self-government and local development. For example, it shut down the docks for two weeks in July (after already striking for four days in January) and voiced opposition to selling nickel to foreign interests. It also bolstered the October mine shutdown with a general strike. The USTKE has never avoided confrontation with authorities or with political opponents. In August, its blockade of provincial government offices on Lifou led to a violent clash with anti-FLNKS attackers wielding axes and iron bars, in which seven people were injured. In September, police arrested USTKE pickets for blocking access to a Ballande store. The next month, the union won its case in court by having five employees reinstated, though Ballande managed to render that decision moot by delegitimizing the tribunal. Riot police also clashed with USTKE protesters at the Tomo nickel mine; three people were injured and those arrested were charged with “armed” interference with police. In December, the USTKE attempted to open a new shipping line from Noumea to Port Vila in Vanuatu via the Loyalty Islands.

Leroux has said that France needs to acknowledge “the colonial act” and

redress social injustices, including the local economic monopolism of Lafleur and his RPCR allies. His party voiced support for increasing devolution of powers to local authorities, and has received some support from the FLNKS to be included in negotiations with France. In September, Berger Kawa's National Council for the Rights of Indigenous People commemorated at Bourail the French colonial takeover of 1853 and reiterated the linkage between the recovery of Kanak lands and national independence. Recent public trials of French and Caldoche (local European) officials for financial corruption have tended to undermine accusations by loyalists that a sovereign Kanak-run regime would only replicate the "stealing" that reportedly goes on in some other Oceanian countries. Moreover, massive French aid and the inflated "hardship" salaries paid to metropolitan officials (from Paris) contribute to a very high cost of living in Noumea.

A vote on full sovereignty would be unlikely to attract a majority at the moment. Nekiriai has estimated that only 37 percent of New Caledonians (ie, 80 percent of Kanak) favor complete independence. But Kanak, now only 45 percent of the total population, are expected to become a demographic majority in about twenty years (MD, Feb 1996, 7). On 28 December, in a vote on the budget of the Territorial Congress, the FLNKS and RPCR agreed on "sovereignty shared with France," a process of change to begin in 1998 that, in the words of the RPCR's Pierre Frogier, will affirm the special identity of New Caledonia while respecting the "proper compe-

tencies" of the (French) state. Frogier emphasized the "stability" that would result from such a course, that is, a potential boom in outside investment. The struggle for "Kanak," as opposed to quasi-colonial dependency on France, continues, as the team of FLNKS-USTKE bargains aggressively to win concessions from both Paris and the RPCR about steps toward sovereignty (including disempowering Noumea).

DAVID A CHAPPELL

### References

- European*. London. Weekly.
- IB*, *Islands Business*. Monthly. Suva.
- Maclellan, Nic, and Sarimin J Boengkih. 1996. *France's Decolonisation Process in New Caledonia*. Working paper. July. Melbourne: Victoria University.
- MD*, *Le Monde Diplomatique*. Paris. Monthly.
- PIM*, *Pacific Islands Monthly*. Suva.
- RAN, Radio Australia News. English and French.

### PAPUA NEW GUINEA

This was a frustrating year for Prime Minister Sir Julius Chan, who hoped to make progress in some key areas and boost his standing in the run-up to the 1997 general elections. Developments in the mining and oil sectors kept the economy buoyant, but the government continued to struggle with the World Bank over policy reform issues. Tragically, Chan's hopes for a timely resolution of the Bougainville

secessionist crisis were dashed as the situation there took a definite turn for the worse in 1996, prolonging the suffering of the people and exacerbating already strained relations with Australia and, especially, Solomon Islands. By the end of the year, with his parliamentary coalition in some disarray, Chan's chances of a further term in office looked slim.

When he came to office in 1994, Chan, like all recent prime ministers, was determined to do something about the so-called law-and-order situation. However, the "year of law enforcement" got off to an inauspicious start in mid-January when a conflict between a group of people from the Eastern Highlands and residents of the Waterise area in the Markham Valley erupted into violence. The Waterise group blocked the nearby Highlands Highway to protest the incident and, after a Waterise youth died of gunshot wounds, demanded 200,000 kina in compensation. Two weeks later, frustrated by the lack of progress in attempts to negotiate a settlement, and following a skirmish with police attempting to clear the highway, the Waterise villagers used World War II munitions to blow up the Yuang Creek Bridge.

The local police were particularly upset by the burning of a police vehicle and the loss of six firearms during the confrontation prior to the explosion. When reinforcements arrived from Goroka, the police rampaged through Waterise and surrounding villages, shooting, looting, and burning down houses. Local leaders, including Markham MP and Forest Minister Andrew Baing, Lae MP Bart Philemon,

and Morobe Governor Jerry Nalau, converged on the scene, only to be turned back, threatened, or assaulted by the police. Governor Nalau later admitted in parliament that he had advised the people to maintain their roadblock, but strenuously denied allegations that he had told them to blow up the bridge (*PC*, 19 Feb 1996, 13-15).

In May, the shooting deaths of senior public servant and one-time director of the Institute for Applied Social and Economic Research (now the National Research Institute) Ephraim Makis and his brother Albert Uming in Port Moresby led to renewed calls for a crackdown on crime (*PC*, 6 May 1996, 1). After a particularly intense wave of murders and armed robberies in Port Moresby in October, cabinet approved the imposition of a two-month nationwide nighttime curfew, which went into effect on 8 November. The curfew was part of a series of measures designed to strengthen police "firepower" and help them target "hard-core criminals" (*TN*, 6 Nov 1996, 1). Observers of previous efforts to get tough on crime argued that the effect of these measures would only be temporary, and the *National* newspaper went as far as to suggest that the curfew would be "a bigger inconvenience to the public than the criminals" (*TN*, 7 Nov 1996, 4).

As the government focused on "raskol" gang activity, some of its critics urged more attention to corruption, another important aspect of the "crime nightmare." Although many in the private sector are clearly concerned about official corruption, few have been willing to say so publicly. In May 1996,

however, the issue gained considerable media exposure when Oil Search Chairman Trevor Kennedy, whose company is a major operator in the crucial oil industry, told shareholders that he was concerned about growing levels of corruption and argued that the “biggest threat to the future” was the government’s “lack of focus and discipline” (*PC*, 9 May 1996, 11). Predictably, the speech drew an angry response from government leaders. Chan issued a lengthy statement that called Kennedy a “peanut boy,” accused him of being ill-informed, paternalistic, and expendable, and invited him to resign (*PC*, 13 May 1996, 17).

Meanwhile the Ombudsman Commission continued its lonely struggle against official wrongdoing, and leadership tribunals successfully pursued some high-profile cases. Three former cabinet ministers, Timothy Bonga, John Nilkare, and Paul Pora, were found guilty of multiple counts of misconduct in office, and in October a leadership tribunal was set up to hear charges against Foreign Affairs and Trade Secretary Gabriel Dusava. All protested their innocence except Nilkare, who admitted that some of his past actions might have “gone off the mark” (*PC*, 2 July 1996, 5). Bonga in particular appeared unrepentant, arguing that he was “just unfortunate to be one of the few that have been prosecuted while the others have walked free” (*PC*, 1 May 1996, 1).

The extraordinary standoff that began in 1995 between the government and the World Bank continued throughout the year (see Wesley-Smith 1996). In return for a US\$358 million

package of emergency funding, the World Bank had insisted on the reform of a long list of government policies. Some \$200 million in aid and loans was released in 1995, but the balance was withheld pending evidence that the reforms had been implemented. Government officials were clearly irritated by critical public comments made by Marianne Haug, the World Bank’s regional director, shortly before a World Bank team arrived for talks in Papua New Guinea in February (*PC*, 20 Feb 1996, 11). The talks quickly became mired in “personality differences,” and the World Bank team was asked to leave, apparently by senior Finance Department official Morea Vele. However, the talks lasted long enough to establish that the sides had very different views regarding progress on the issues. Before departing the country, team leader Pirouz Hamadian-Rad expressed “major concern” regarding the government’s “commitment or ability to implement its reform program in a transparent and consistent manner” (*PC*, 8–10 March 1996, 1).

The World Bank made it very clear that it was not going to release the second tranche of the loan, and on 17 April served notice that the deal could be canceled unless all outstanding issues were settled within ninety days. Government leaders complained that these pressure tactics compromised Papua New Guinea’s sovereignty, and Prime Minister Chan told reporters that “no one is going to give me an ultimatum” (*PC*, 23 April 1996, 32). In fact, the cabinet had already bowed to the inevitable at its meeting of 11 March by endorsing a policy package



designed to address major World Bank concerns. Among other things, the cabinet endorsed a system to ensure that major investment projects, such as oil refineries and fish canneries, would not violate the free market principles of the structural adjustment program, and took steps to limit the amount of tariff protection afforded to the Korean-owned Halla cement factory (*PC*, 14 March 1996, 3). By mid-May, the parties appeared to agree that all the necessary policy decisions were in place, but that the process of implementation remained unsatisfactory (*PC*, 20 May 1996, 11). As Deputy Prime Minister and Finance Minister Chris Haiveta put it, "Cabinet can go ahead and make all these decisions but if the [government] agencies do not implement them, then we have a big problem" (*PC*, 1 May 1996, 3).

However, government policy decisions were to precipitate further show-downs with the bank later in the year. The bank had placed considerable importance on reforms in the troubled forestry industry, which received a boost in March when the cabinet endorsed the so-called Logging Code of Conduct, undertook to fast-track the implementation of a new logging tax and royalty system, and promised that amendments to the Forestry Act would be limited to "technical matters" (*PC*, 14 March 1996, 3). The amendment issue was crucial, because Forest Minister Andrew Baing was actively seeking to change the act in ways that critics claimed would enhance his own powers and undermine the independence of the National Forest Authority Board (*PC*, 19 Feb 1996, 5).

Matters came to a head in July when parliament passed amendments to the Forestry Act altering the respective roles of the Minister for Forests and the Forestry Authority Board. The bank claimed these were not the changes they had endorsed on a recent visit, and indicated they would have to be reversed for the loan to be approved (*PC*, 30 July 1996, 1). For a while, government leaders adopted a defiant posture, with Chan claiming to have alternative sources of finance and saying he was ready to tell the bank to "go to hell" (*PC*, 2 Aug 1996, 3; 5 Sept 1996, 2). Relations deteriorated even further in September, when the World Bank's Pirouz Hamidian-Rad joined a chorus of protest at the government's revenue budget. He was especially critical of proposed new import duties on rice and fuel oil, and the reintroduction of certain price controls. The government's decision to hand down such a budget, he said, "clearly indicated it was no longer interested in continuing the structural adjustment program" (*PC*, 27-29 Sept 1996, 1).

In the first of a remarkable series of reversals, the government abandoned or modified the controversial revenue measures less than a week after they were announced. Finance Minister Haiveta immediately traveled to New York to reopen talks with the World Bank before their latest deadline expired. In a faxed letter to Prime Minister Chan, Haiveta outlined five conditions to be satisfied before the loan would be released, the most important of which was to reinstate the independence and integrity of the National Forestry Board through further amendments to the Forestry Act. He

indicated that the country's "good image and credibility" would be damaged if the agreement with the World Bank were allowed to lapse, jeopardizing other external aid and financing arrangements, and adversely affecting the forthcoming public float of Oro-gen, a company set up to manage some of the state's mineral and petroleum assets (*PC*, 4 Oct 1996, 1, 5). Chan and his cabinet reluctantly agreed that these were compelling reasons for compliance, and on 8 October parliament passed the Forestry (Amendment) Bill 1996 (*PC*, 9 Oct 1996, 1). This removed the major obstacle to settlement, although it took several more months to satisfy a number of other conditions. The second tranche of the loan was finally released early in 1997.

The blaze of publicity surrounding the lengthy struggle with the World Bank apparently did not affect public confidence in the future of Papua New Guinea's lucrative mining and oil sectors. In September, some 49 percent of the state's stake in large mining and oil projects was transferred from the Mineral Resources Development Company to a new company, Orogen Minerals Limited. Shares in Orogen, named after the geological process that produced the country's mineral wealth, were first offered to residents of Papua New Guinea at a discounted price before overseas bids were invited. The float, which closed at the end of October, was heavily oversubscribed, attracting worldwide offers totaling 2.6 billion kina for approximately 270 million kina worth of shares (*PC*, 31 Oct 1996, 1). The highly successful Orogen float prompted the govern-

ment to move ahead with its plans to privatize more state assets, and to announce at the end of October "the complete (or near complete) and early" sale of its equity in financial institutions, including the Papua New Guinea Banking Corporation and Niugini Insurance Corporation (*PC*, 31 Oct 1996, 27).

Orogen investor confidence was, no doubt, boosted by some positive developments in the mineral and oil sectors during 1996. The smooth progress of the giant Lihir gold project toward a 1997 startup date was certainly encouraging, especially given its troubled early history. The oil industry also looked set to continue its expansion, with the Gobe field heading for production, and a promising new find by Chevron Niugini at its Moran IX drill site in the Southern Highlands, within range of the Kutubu project's processing and exporting facilities. However, the extractive industries continued to be plagued by disputes. The government continued to resist landowners' demands to control a bigger stake in the Kutubu project and the right to market their share of production (*PC*, 8 Jan 1996, 13; 16 Jan 1996, 11; 6 Feb 1996, 21).

Meanwhile, the key player in Papua New Guinea's oil industry expressed frustration at delays at the Gobe project. Speaking to a petroleum convention in Port Moresby in September, Oil Search Managing Director Peter Botten noted that agreement with landowners had yet to be reached. "It appears to me," he said, "that the primary risk of development in Papua New Guinea is not the vagaries of nature but the failure to manage

expectations and aspirations of people in the project area" (*PC*, 10 Sept 1996, 23).

The people living on the Ok Tedi and Fly rivers downstream of the Ok Tedi copper and gold mine had some of their expectations met during 1996. In 1994, landowners had brought an A\$4 billion legal claim in Australia against mine operator Broken Hill Proprietary (BHP) for damage caused by the discharge of large quantities of untreated tailings from the project into the river system. In 1995, BHP and the Papua New Guinea government tried to defuse the challenge by providing compensation for affected villagers under the terms of the Ok Tedi Restated Eighth Supplemental Agreement. The first payments were distributed in April 1996, shortly after a law was enacted prohibiting the pursuit of Papua New Guinea-based compensation claims in foreign courts (*PC*, 15 April 1996, 2; 23 April 1996, 3). Then in June, before the government had an opportunity to exercise its new legal powers, the case against BHP was settled out of court. In a major victory, the landowners received A\$110 million in compensation and the promise of a tailings disposal system, while their Melbourne law firm, Slater and Gordon, was awarded A\$7.6 million in legal fees. By the end of the year the mining company was considering various options to deal with the tailings disposal problem. Meanwhile, government officials were, no doubt, monitoring the cost of the various options, and wondering when, if ever, the ten-year-old, multibillion-dollar project would yield substantial revenues for the state (*PC*, 26 Sept 1996, 27).

Settlement of the Bougainville secessionist crisis remained elusive in 1996. The All Bougainville Leaders' Talks in Cairns in December 1995 had initiated a dialogue that looked promising between the various factions in Bougainville. However, the mood of optimism began to dissipate almost immediately, when Bougainville Revolutionary Army (BRA) and Bougainville Interim Government (BIG) leaders were attacked by Papua New Guinea security forces as they returned to Bougainville by sea from the Solomon Islands after the Cairns talks. Prime Minister Chan denied BIG leader Joseph Kabui's charge that this was a deliberate assassination attempt, claiming that because the group was supposed to travel by helicopter the military unit involved had been caught unawares (*PC*, 11 Jan 1996, 2).

The situation deteriorated rapidly in March after a firefight between security forces in boats and a BRA contingent on Motsungan Island off the west coast of Buka left six police and soldiers dead (*PC*, 13 March 1996, 1; 18 March 1996, 1). Five days later the BRA group, led by Ishmael Toroana, ambushed and killed four more policemen on Buka (*PC*, 19 March 1996, 1). The Buka incidents were, it seems, the final straw for Prime Minister Chan, who had become increasingly disenchanted with the peace efforts initiated since 1994 by Bougainville Transitional Government Premier Theodore Miriung. On 21 March he called off the two-year-old cease-fire and signaled a return to the military option. "I am now convinced," he told the nation, "that we have exhausted all human tolerance. . . . There is not one

shed of proof, no indication at all, that the rebels are sincere." He warned the "criminals who continue to kill, destroy and destabilize the peace longed for by all" that their "darkest hour has arrived" (*PC*, 22 March 1996, 8).

The new military offensive, which came in June, made matters worse. Operation High Speed II involved two battalions of troops, one of which had recently arrived on rotation, backed up by police and resistance fighters. The plan was to seal the border with the Solomons and advance on rebel strongholds in the interior from points on the east and west coasts of the island (*SMH*, 19 June 1996, 1). Troops were deployed into BRA-held areas, and on several occasions exchanged fire with rebel groups. These exchanges claimed the lives of four soldiers, BRA commander Nathan Mat-evai, and an unknown number of others (*PC*, 2 Aug 1996, 4). However, the stated objective of "wiping out" the BRA was not achieved, and the operation ended quietly on 15 July, when the 520 troops who should have been relieved in June were withdrawn to the Papua New Guinea mainland (*PC*, 14 Aug 1996, 2).

A further blow to military morale was delivered less than two months after the ignominy of High Speed II. On 8 September an attack at Kangu Beach on the south coast of Bougainville killed twelve members of the security forces, their largest loss in a single incident since the crisis began in 1988, and a further five were taken hostage. The attack was originally blamed on the BRA, but reports that government-trained "resistance" fighters were involved soon began to surface (*PC*,

20–22 Sept 1996, 1). An internal investigation by the Papua New Guinea Defence Force later found that the attack had been initiated by resistance fighters angry at the drunken conduct of the soldiers and their ill-treatment of local people and residents of the Kangu Beach care center. Resistance leaders had solicited the help of the BRA, who joined in the killing and escaped with ammunition and more than thirty military weapons. The report held the commanding officer of the company stationed at Kangu Beach responsible for the breakdown in discipline that led to the massacre (*PC*, 25–27 Oct 1996, 1; 21 Jan 1997, 1). The five hostages were still in captivity at the end of the year, despite concerted attempts by Premier Theodore Miring, senior local MP John Momis, and Sir Michael Somare, the country's first prime minister, to secure their release.

The Kangu Beach incident also revealed the depth of the distrust that had developed between Bougainville Transitional Government Premier Theodoe Miring and members of the Papua New Guinea Defence Force. Along with many others, Miring had roundly condemned High Speed II and predicted its failure. Long suspicious of his pre-1994 connections with the BRA, the military responded by restricting his movements on several occasions. In September, Defence Minister Mathias Ijape, citing military intelligence, openly accused Miring of inciting the Kangu Beach attack. Although Miring categorically denied the charge, he was temporarily placed under house arrest in Buka (*PC*, 11 Sept 1996, 1).

In a tragic setback for the peace

process on Bougainville, Theodore Miriung was shot dead on 12 October 1996 in his wife's village in the Siwai area of southwest Bougainville. The assassination sent shock waves throughout the nation and overseas. Anguished regional MP John Momis said that Miriung was "without doubt one of Bougainville's all-time great leaders" whose death had "taken a large part of me with him." He said the death marked the passing of an era "of dialogue, reconciliation, and great hopes for peace on Bougainville" and demanded to know "Who shot him, and why?" (*PC*, 17 Oct 1996, 12). Although Prime Minister Chan had clearly lost his initial enthusiasm for Miriung's peacemaking efforts, he described the killing as an act of madness and vowed to bring the perpetrators to justice (*TN*, 13 Oct 1996, 1). He appointed a Sri Lankan judge recommended by the Commonwealth Secretariat in London to head the official inquiry.

In early December, Judge Thiruvukkarasu Suntheralingam presented his report, which found that five defense force soldiers and several resistance fighters stationed at Tonu Camp had participated in the murder of Theodore Miriung (*TN*, 2 Dec 1996, 1). Defense force leaders claimed the investigation was biased, but the full report, which was not made public until early 1997, left little doubt about the complicity of defense force personnel. The report did not say who ordered the attack or who in the military chain of command had knowledge of it, nor did it tackle the question of motive. Nevertheless, the report served to damage even further public confidence in the Papua New

Guinea Defence Force, already reeling from the failure of Operation High Speed II and the Kangu Beach fiasco.

Solomon Islands was in the forefront of protests about the handling of the Bougainville crisis by Papua New Guinea authorities, especially the security forces. For some years, Papua New Guinea authorities have tried to block the traffic of people and supplies between Bougainville and Solomon Islands, and have sought Solomon Islands' full cooperation in doing so. However, the Solomons leaders have argued that they don't have sufficient resources to patrol the border area, and have refused to allow Papua New Guinea hot-pursuit rights across the border. Although there have been numerous border violations in recent years, such incursions became more blatant in 1996. Especially after the lifting of the cease-fire early in the year, the Papua New Guinea forces seemed to consider themselves free to cross into Solomon Islands in hot pursuit of suspected BRA fighters or to disrupt suspected bases or supply lines. In March, Defence Minister Mathias Ijape warned Solomon Islands that "if criminals cross the border and want to get refuge in Solomon Islands, the PNGDF will cross their border in hot pursuit and deal with those criminals on Solomon Islands soil" (*PC*, 27 March 1996, 2).

Solomon Islands protested eighteen border violations in April and May alone, some of which involved fire-fights with Solomon Islands police or members of the Field Force. In June a patrol boat reportedly fired on the village of Liuliu in Choiseul Province, and suspected BRA fighters were killed

in Solomon Islands waters by a Papua New Guinea helicopter later the same month. In late June a series of incidents occurred at the Solomon Islands post at Tuluve, and in early July a Papua New Guinea patrol boat bombarded the Field Force observation post at Ovau on several occasions (May 1996, 12–14; *PC*, 15 July 1996, 11). Such incidents gave ongoing diplomatic talks added urgency, and in July both countries agreed to accelerate work on a series of border treaties and to establish a Joint Border Commission to coordinate and oversee border management issues (*PC*, 8 July 1996, 5).

Things did not look good for Prime Minister Chan as 1996 drew to a close. In particular, he had taken on the mighty World Bank and lost, while failing to bring about a settlement of the Bougainville crisis, which had occupied much of his attention since coming to office in 1994. He had, however, managed to keep his governing coalition together and maintain his majority in parliament, despite some significant conflicts between members of his People's Progress Party and its major coalition partner Pangu Pati over cabinet appointments and ministerial responsibilities (*PC*, 31 July 1996, 2; 6–8 Sept 1996, 1). There were also problems within Pangu Pati. In October, an unsuccessful move to oust Deputy Prime Minister Chris Haiveta as leader of Pangu was apparently sparked by Haiveta's controversial revenue budget (*PC*, 7 Oct 1996, 1). The party also finally broke its ties with founding member Sir Michael Somare, who had announced plans to set up a new political group, the National Alliance, to contest the national election

and upset Chan's aspiration to lead the People's Progress Party to victory in June 1997.

TERENCE WESLEY-SMITH

### References

May, R J. 1996. *The Situation on Bougainville: Implications for Papua New Guinea, Australia and the Region*. Current Issues Brief 9, 1996–97. Canberra: Parliamentary Research Service.

*PC*, *Post-Courier*. Daily. Port Moresby.

*SMH*, *Sydney Morning Herald*. Daily.

*TN*, *The National*. Daily. Port Moresby.

Wesley-Smith, Terence. 1996. Papua New Guinea in Review. *The Contemporary Pacific* 8:428–436.

### SOLOMON ISLANDS

In 1996 politics in the Solomon Islands were turbulent, as usual, but by December the focus of political discussion was on the general election, scheduled for July 1997. Many potential candidates began campaigning for an election billed to be the most interesting since independence from Great Britain in July 1978, and coinciding with the nineteenth anniversary celebrations. The year was also characterized by leadership squabbles and political discord that left many pressing issues unresolved. This, however, is not unusual in a country where the political landscape is often marked by rapid and unpredictable changes.

In early 1996 the country was still trying to deal with issues inherited from previous years, particularly the

political bickering and constitutional crisis of late 1994, which resulted in the collapse of the National Coalition Party (NCP) government led by Francis Billy Hilly. The most dramatic aspect of this event was the allegation that five cabinet ministers of the NCP government had defected to join Solomon Mamaloni's Solomon Islands National Unity and Reconciliation Party (SINURP) after receiving bribes from Robert Goh, a Honiara businessman and director of Goh and Partners Public Accountants. Deprived of his majority, Billy Hilly was forced by Governor General Sir Moses Pitakaka to resign as prime minister in October 1994. Mamaloni was immediately elected prime minister and formed the SINURP government.

The five defectors were later charged with corruption and appeared before the Magistrate's Court for a preliminary hearing in January 1996. During the court hearing Robert Goh admitted that he had paid for hired cars and accommodation for the five who had by then become cabinet ministers in the SINURP government: Alfred Maetia (Education), John Musuota (Posts and Telecommunications), Edmund Anderson (Agriculture and Fisheries), Francis Orodani (Lands and Housing), and Oliver Zapo (Justice) (ss, 19 Jan 1996). Although the case was committed to the High Court, these men retained their ministerial portfolios for most of the year. In late August, Orodani and Musuota were fired by the prime minister along with two other cabinet ministers, although it was unclear whether this was related to the corruption saga. Orodani was acquitted in November, but the office

of the director of public prosecutions planned to appeal the ruling.

This was not the only corruption story of 1996. Allegations of corruption emerged from nearly every sector of public life, involving many who occupy responsible positions in politics and the public service. By midyear many citizens were concerned that corruption would become part of the public sector culture, and there was widespread distrust of politicians and public servants. Finance Minister Christopher Columbus Abe stated in February that fraudulent appropriation of government payments was not confined to the Treasury Division of his ministry, but widespread throughout the government system. Abe was reacting to new measures imposed by Accountant General Michael Katea to curb embezzlement and other fraudulent payments from the government treasury (sc, 22 Feb 1996).

The most dramatic manifestation of official corruption was uncovered in April and May when Prime Minister Mamaloni (as acting finance minister) ordered the suspension of thirty-five public servants on half pay for allegedly misappropriating S1\$10 million of government funds (ss, 8 May 1996). Since then, the amount of allegedly misappropriated government money has increased to S1\$35 million. This revelation shocked and angered the country. The prime minister then ordered the police to confiscate the property of the thirty-five public servants. For Mamaloni, this was a spectacular move to salvage his political reputation, which had nose-dived since he came to power in late 1994 because of controversies over the logging

industry, corruption charges against five of his cabinet ministers, and the continuous deterioration of the country's economy. Despite huge publicity, however, none of the public servants involved had been officially charged by the end of 1996. This left many people wondering whether the case was merely a public relations ploy aimed at improving the reputation of the SINURP government, and more particularly Mamaloni, in preparation for the 1997 general elections.

Central Islands Province Premier Peter Manetiva and his deputy, Charles Sagulinge, also faced corruption charges during the year. In February the Magistrate's Court in Honiara heard allegations that they had been induced by hotel accommodation and cash to grant a business license to a company called Marving Brothers, allowing it to log on Pavuvu in the Russell Islands. The payments were allegedly made by Goh and Partners Public Accountants and Allan Kemakeza, the member of parliament for Savo and Russells and minister for environment and conservation (ss, 23 Feb 1996). The Pavuvu issue became controversial after landowners began resisting government proposals to log the island in 1995.

While corruption charges against people in power were being debated in the media, tried in the courts, and whispered in the galleries of public life, the economy continued to receive a battering. The most obvious indication of the deteriorating economic situation was the rapidly increasing cost of living. The Central Bank of Solomon Islands reported that the rate of inflation increased from 10.4 percent at the

end of December 1995, to a peak of 14.5 percent at the end of March 1996 (CBSI, April 1996). By the third quarter the rate of inflation had dropped back to 10.4 percent, although this was still 1.9 per cent higher than the rate for the same quarter of the previous year. The Central Bank noted that "by regional and international standards the current rate of inflation is high in Solomon Islands, although from a historical perspective inflation has always been high" (CBSI, Sept 1995, 20).

Average urban workers living on minimal salaries were the hardest hit by the high inflation rate.

It was a difficult year in nearly every sector of the economy. Government debt increased both domestically and internationally. Many citizens were astounded when the Honiara newspaper *Solomon Star* reported in March that the government owed the National Provident Fund (the country's only national superannuation scheme) a total of S\$20 million in rents (\$917,473), loans (\$5,676,015), contributions (\$10 million), securities (\$1,915,370), and surcharges (\$1,096,000) (ss, 15 March 1996). The country's three commercial banks were also affected by the government's inability to pay bank securities.

According to the Central Bank, the government had accrued over \$8 million of debts to the banks since the start of 1995. The general manager of the National Bank of Solomon Islands stated that the "loss of reliable income hits straight at our ability to grow and expand" (ss, 1 May 1996).

The country continued to accumulate debts with international lending agencies such as the World Bank, the



International Monetary Fund, and the Asian Development Bank. By the end of the year the government was operating on a huge budget deficit that had been inherited from previous years. In 1995, Finance Minister Abe told parliament of his difficulties financing a "huge" budget deficit: "The government debt is rocketing upwards and now accounts for some 70 percent of our gross domestic products. This means that the government has incurred a debt of about \$1,750 for every single person here in the isles of Solomons" (SINP 1995).

Despite the grim fiscal picture, the story was a little more positive on the macroeconomic level by the third quarter of 1996. The balance of payments showed a trade surplus of S\$30 million, 19 percent higher than the previous quarter and 15 percent higher than the same quarter of the previous year. The value of total exports also increased by 15 percent to S\$168 million in the quarter ending 30 September, compared with a decline of 7 percent in the previous quarter. Total exports for the nine months through September reached S\$471 million, 21 percent higher than for the same period a year before. This allowed external reserves to grow to S\$102 million by September, the equivalent of around 1.6 months of import cover. However, taking into account the government's external arrears of around S\$17 million, the reserves represent only 1.3 months of import cover (CBSI, Sept 1996).

Government revenues also improved during the nine months to September. The total revenues were S\$263 million, which was up by 13

percent on the same period a year earlier. This represented about 78 percent of total expected revenues for the whole year, as recorded in the 1996 budget estimates. This means that the overall government revenue performance in 1996 will be broadly in line with the budget outcome. However, the Central Bank argues that "revenues could have been higher by around S\$11.8 million had the government proceeded to suspend all duty exemptions and remissions to logging companies" (CBSI, Sept 1996, 23). "Local" logging companies in particular have been given 100 percent export tax exemption, even though most of them have overseas partners. For example, Prime Minister Mamaloni's logging company, Somma Limited, works in partnership with the Goodwill Company of Malaysia.

These improvements in the economy were, unfortunately, overshadowed by the government's huge domestic and international debts. The government's borrowing had exceeded its ability to repay. In a desperate attempt to salvage the country's crippled economy, parliament passed a controversial bill in December 1995 that, if implemented, would impose a 2 percent tax on every withdrawal from bank savings. In February 1996, Finance Minister Abe announced that despite widespread criticism of the proposed tax, it would be effected in June. The decision outraged the public as well as the banks. However, the fate of the proposed debit tax was determined when, in May, Abe fell ill in Singapore and had to spend some weeks receiving medical treatment in Australia. During his absence, Prime

Minister Mamaloni, a veteran political genius, took the opportunity to mend his and his government's public image. In a tactical public relations campaign, Mamaloni made himself acting finance minister and subsequently ordered the debit tax bill thrown out. In addition, he suspended payments from the Constituency Development Fund, which gave each member of parliament personal control over S\$200,000 per year. However, the decision to suspend the fund was reversed in July, when Abe returned as finance minister.

The government's biggest economic achievement was finalizing agreements for a gold-mining project on Guadalcanal. The economic situation is expected to be boosted when the Gold Ridge gold mine begins operation in June 1997. The agreements for mining were finalized in a series of documents signed in 1996 between Ross Mining of Australia, the government, and the Gold Ridge Landowners Association, which represents the landowning tribes in the area. This is Solomon Islands' first large-scale mining project, although alluvial gold has been mined at Gold Ridge since the 1970s. Throughout the year the government's immediate concern was to ensure the Gold Ridge project got started as soon as possible. This is not surprising given that the Gold Ridge deposit contains an estimated S\$1 billion worth of gold. The company expected to complete the feasibility studies by July 1996 and be ready to go ahead with the project (ss, 7 Feb 1996).

However, like most projects, there were a number of costs. As part of the agreement the more than seven hun-

dred residents of Gold Ridge in central Guadalcanal will be relocated to Lungga (near Henderson Airport) in order to make way for the mining operation. This is planned to be a temporary relocation. After the mining is completed, in about ten years, the environment in the Gold Ridge area will be rejuvenated and the residents returned to their homes (ss, 31 Jan 1996). A general social impact assessment was prepared, but, despite its profound social implications, the relocation plan was not studied specifically.

The estimated S\$6 million cost of the resettlement scheme will be met by the Ross Mining Company. It involves the construction of residential houses, schools, and a clinic and is expected to provide more than a hundred direct jobs over a period of about twenty weeks. A ground-breaking ceremony was held in November to mark the beginning of construction work on Gold Ridge resettlement village (ss, 13 Nov 1996). The company had paid S\$90,000 in access fees to landowners earlier in the year and estimated that the capital development cost will be about S\$125 million (ss, 31 Jan 1996).

Events in 1996 were dominated by another long-standing resource-extraction issue. The government continued its controversial policies in the forestry industry, despite widespread criticism from foreign governments as well as international and local nongovernment organizations and individuals. It was estimated that the forestry resource was being harvested at three times the sustainable rate, causing uproar among environmental groups. Also, there was concern over the govern-

ment's 100 percent export tax exemption awarded to some logging companies, including the prime minister's own Somma Limited, which operates in his West Makira constituency. These criticisms culminated in an Australian Broadcasting Commission *Foreign Correspondent* television program produced in August, which highlighted the prime minister's involvement in the logging industry. The issue of logging was made more prominent by the Central Bank of Solomon Islands 1995 *Annual Report*, which stated that despite an increase in log exports, the revenue from log products has not increased. This caused many people to ask questions.

Forest policy in Solomon Islands is a political as well as an environmental issue. The reactions and responses of foreign governments as well as international and domestic nongovernment organizations were also important. Australia's then minister for development cooperation and Pacific affairs, Gordon Bilney, for example, lashed out against the government's logging policy. In reaction, an executive officer of the Solomon Islands Forest Industries Association, Erick Kes, stated that "it is deplorable, that the minister totally ignored affirmative change and positive developments taking place in this industry" (SV, 16 Feb 1996). Forestry is an issue that will definitely feature in campaigns for the 1997 election. It was ironic that in February the prime minister blamed the Forestry Division of the Ministry of Forest, Environment and Conservation for what it had described as the present untidy situation in the forestry industry (SS, 16 Feb 1996).

The eight-year war between the rebel Bougainville Revolutionary Army (BRA) and the Papua New Guinea government across the western border in Bougainville continued to affect the Solomon Islands. Officially the Solomon Islands government recognizes the crisis as an internal matter for Papua New Guinea. However, the reality is that Solomon Islands involvement is inevitable. First, the number of Bougainvillean civilians fleeing the war-torn island into the Solomon Islands continues to increase, and many crossed the border in 1996 seeking medical assistance, often for bullet wounds (SS, 11 Dec 1996).

The situation has been further exacerbated by the presence in Honiara over the last six years of BRA representative Martin Miriori. However, in January Miriori's house in Honiara (which also housed the BRA office) was burned down. Two Bougainvilleans were later arrested and charged with arson. Fearing for his and his family's safety, Miriori was eventually given political asylum in the Netherlands and in June was flown out of Honiara in a specially arranged Australian military aircraft.

Continued Papua New Guinea Defence Force incursions into the Solomon Islands, and a number of armed confrontations with the Solomon Islands Police Field Force, drew the country further into the Bougainville crisis. As Prime Minister Mamaloni noted in July, the crisis has resulted in the increasing militarization of the Solomon Islands economy and society (SS, 5 July 1996), imposing further strains on the country's budget. There is an increasing acceptance

within civilian society of the need for a military, particularly in Western and Choiseul Provinces, which share the border with Bougainville. At the diplomatic level, the government has requested assistance from the United Nations to help find a solution for the crisis.

The Bougainville crisis continues to be an important agenda item affecting relations between the Solomon Islands and Papua New Guinea. When twelve PNG soldiers were killed on Kangu Beach in South Bougainville in September, Solomon Islanders were accused of supplying the arms to the Bougainville Revolutionary Army. Solomon Islander students in various Papua New Guinea institutions were repatriated after some were allegedly threatened. Most were later sent back to Papua New Guinea after assurances that their security would be guaranteed by the PNG government, which had expressed disappointment over the repatriation decision (SS, 11 Oct 1996). Diplomatic relations deteriorated to the point that officials in the two countries refused to talk to each other. Prime Minister Mamaloni, in particular, refused to meet his PNG counterpart, Sir Julius Chan. However, the situation improved in early 1997, when Chan talked with Mamaloni in Honiara on his way back from the state funeral of Marshall Islands President Amata Kabua. The two countries agreed to establish joint border surveillance that would allow PNG Defence Force personnel "to be based on border posts in the Solomon Islands, allowing them to police the movement of Bougainville rebels between Bougainville Island and the Solomons"

(*National*, 10 Jan 1997). Sir Julius later told reporters in Port Moresby that "these talks have ensured that recent strains in the relationship caused by the crisis do not derail our friendly relationship" (*National*, 10 Jan 1997).

Former diplomat and Foreign Minister Francis Saemala was appointed as the government's special envoy on the Bougainville crisis on 2 June 1996. His terms of reference included "to pursue a more determined effort for a constructive and cooperative approach to resolving the crisis . . . and to seek to establish a peace plan" (SN, June–July 1996). However, by the end of the year the Bougainville crisis was far from being resolved, and the Solomon Islands perspective had not changed.

Perhaps the Mamaloni government's most important domestic political landmark during the year was the passing of the new Provincial Government Bill 1996, which replaced the Provincial Government Act 1981. This was a long-standing issue that had first been discussed in the 1980s but was never passed by parliament because of continual changes in government. This time it went through parliament without many difficulties. The new act allows for a restructuring of the provincial government system with the objective of helping people participate more in the process of governance. Previously, the Solomon Islands had a three-tier system of government, with central and provincial governments as well as area councils. Each of the nine provincial governments had an elected assembly with a premier, an executive, and a speaker. This system was deemed expensive and not conducive

to popular decision-making. The new system replaces provincial governments with provincial councils consisting of presidents of area assemblies, the only local bodies to be elected by the people. Consequently, there will be two, instead of three, elected tiers of government. This, it was argued, would improve people's participation in the decision-making process (SINP 1996).

The bill was widely accepted within parliament, but there were mixed reactions outside parliament. Initially, Malaita, Western, and Guadalcanal Provinces opposed the bill. Although Malaita and Western Provinces later withdrew their opposition, Guadalcanal Province argued that the implementation of the bill was unconstitutional and filed a case in the High Court. One of the major arguments is that the inclusion of chiefs as unelected members of the Area Assemblies is unconstitutional because the constitution requires that leaders should be chosen through universal suffrage. In late February 1997, the High Court ruled in favor of Guadalcanal Province and declared the 1996 Provincial Government Act "null and void."

Politics in the central government were mirrored in the provincial governments. In two provinces there were changes in leadership, while in the others the same issues of finance, logging, and the Bougainville crisis dominated the political agenda. In Choiseul Province, which is adjacent to Bougainville, Premier Clement Kengava was voted out in a motion of no confidence. New Premier Jerold Simmy Vazarabatu identified the spillover effects of the Bougainville crisis and logging as his most immediate con-

cerns (personal communication, July 1996). In Guadalcanal Province, politics were much more traumatic. Throughout the first half of the year, the province's premier, Gideon Moses, came under criticism for his general handling of provincial affairs. A number of calls for him to resign came from within the provincial assembly and from his executive. In late March a motion of no confidence was moved and passed. However, Moses refused to step down, arguing that the provincial Speaker did not comply with the provincial standing order when he accepted the notice for the motion of no confidence (ss, 29 March 1996). Moses challenged the validity of the motion of no confidence in the High Court, which subsequently ruled in his favor. However, immediately after the High Court decision, another motion of no confidence was filed against him, and in mid-April he was ousted from power. Moses was replaced by Siriako Usa as premier. In Western Province, Premier Thornley Hite took the Bougainville crisis as the most important issue, especially in view of the increasing number of Bougainvilleans coming across the border to Gizo, the provincial capital. In other provinces, finance held center stage in political discussions.

As stated earlier, 1996 was marked by early preparations for the 1997 election by individuals and political parties. In January, former Governor General Sir George Lepping publicly announced his intention to compete in the general election. Immediately he began organizing the Peoples Alliance Party. In June the party held a three-day national convention, after which Sir George was elected president,

replacing Brown Saua who had died earlier in the year (ss, 31 Jan 1996). Other political parties were also preparing for the 1997 general election. In February, president and founder of the Christian Democratic Front Milton Talasasa announced that the party was working toward finalizing candidates to contest the 1997 general election and planning a national convention in June, when it would launch its manifesto and announce its candidates. Talasasa announced that the party expected to field twenty candidates in four provinces. If this eventuates, it will be the first time the party has contested the elections since its formation in 1988 (ss, 9 Feb 1996). The formation of such a party reflects the important role churches can play in the country's politics. There is already a Christian Fellowship party in parliament, and it is likely churches will continue to have significant influence on politics and the state.

Within the opposition, preparations for the 1997 election were temporarily marred by political wrangling between the parties. In April, after continuous political bickering between the parties, Sir Baddley Devesi resigned as leader of the opposition. In May former Prime Minister Ezekiel Alebua was elected to replace him. Alebua's first task was to call on Prime Minister Mamaloni to declare a state of emergency at the border with Papua New Guinea and start dialogue with Prime Minister Sir Julius Chan. Alebua also lashed out against the government's forestry policy and the management of the economy. But the most interesting development was when three of the six parties in the opposition (United Party, National Front for Progress, and

Christian Fellowship) merged to form a new National Party and elected Alebua as leader. The three parties that did not join the new National Party were the National Action Party of Solomon Islands led by Francis Saemala, the Peoples Alliance Party led by Sir George Lepping, and the Labour Party led by Joses Tuhonuku (ss, 8 May 1996).

The formation of this new opposition party caused an interesting twist in Solomon Islands politics when Francis Saemala, an arch rival of Mamaloni, later in the year left the opposition and joined the government as minister for planning and national development. This followed one of Mamaloni's political stunts, when in late August he fired four of his cabinet ministers, cut the number of ministries from nineteen to sixteen, and recruited Saemala. The ministers fired included Abe (Finance), Orodani (Justice), Musuota (Posts and Telecommunications), and George Luilamo (Commerce). Orodani and Musuota were at the time awaiting High Court trial for charges of corruption, while Luilamo in 1995 had been charged with corruption in relation to the Pavuvu logging issue and acquitted. On the other hand, Abe was in August interviewed in the controversial ABC *Foreign Correspondent* program on logging and made remarks that apparently infuriated Prime Minister Mamaloni.

Another important event, not only for the Solomon Islands, but for the rest of independent Melanesia, was Fiji's decision to join the Melanesian Spearhead Group after four years as an observer. Commenting on Fiji's inclusion, the permanent secretary to the Ministry of Foreign Affairs, Benjamin

Newyear, stated that Fiji's decision to join will strengthen the organization's base: "The benefits, especially in trade, social and economic cooperation and cultural exchange to each member of the MSG should only increase with Fiji's inclusion" (ss, 24 May 1996).

Other developments in the international arena for the Solomon Islands included the increasing interest of Japan and the relationship with Australia. Japan, over the last few years, has had an increasing involvement in terms of aid projects as well as closer diplomatic relations. It became the largest single bilateral aid donor, funding a number of important capital projects such as the construction of the country's new international terminal, a fisheries depot and facilities for a new Honiara market, improvements to the Honiara water supply system, and the national fisheries project. The reasons for and implications of Japan's increasing interest in the Solomon Islands are interesting. Economically, the Solomon Islands has nothing much to offer in terms of trade, except for the fisheries resource, which is already dominated by the Japanese company, Taiyo Gyogyo. However, politically there is a lot at stake for Japan, which is currently trying to get support for its inclusion in the United Nations Security Council; the Solomon Islands vote in the General Assembly could be crucial. Also, Japan is trying to win votes for its campaign against the worldwide ban on whaling, and in 1995 the Solomon Islands voted in favor of Japan. The Solomon Islands and other countries in the Southwest Pacific are among Japan's closest neighbors.

Relations with Australia were

affected by the furor over logging, particularly the cancellation of Australian funding for the Timber Control Unit, which was established as part of a forestry aid project. This was designed to indicate Australia's displeasure with the Solomon Islands government's unsustainable logging policy. However, relations were beginning to improve by the last quarter of 1996. Foreign Minister David Sitai visited Canberra in November and met his Australian counterpart, Alexander Downer. They discussed, among other things, the logging issue. Sitai stated after the meeting that there is now a better understanding between the two governments (personal interview).

The 1997 election promises to be the most interesting to date for several reasons. First, there will be three generations of Solomon Islanders participating: those who were adults at the time of independence and participated in the first postindependence election in 1979; those born before independence (and now in their late twenties) who were not old enough to participate in the 1979 and 1982 elections; and those born immediately after independence, who will be participating for the first time. These three generations have diverse ideas, interests, and expectations that will provide innovative campaign platforms and voting patterns, unlike previous elections, where the majority of voters and candidates belonged to the first two generations. Many of the present parliamentarians who climbed the pinnacles of power and became prominent during the colonial era are likely to be challenged and replaced in 1997. According to a survey conducted by

the Solomon Islands Development Trust's hundreds of village workers, most parliamentarians are unlikely to be returned in the coming election. "Of the 2,108 survey returns almost two people out of every three voters are choosing not to return their present parliamentarian if an election were held tomorrow" (Roughan 1996).

Second, issues such as the economy, logging, corruption, leadership qualities, and the Bougainville crisis will all feature prominently in the 1997 election. These issues have become increasingly important in the last two years. The number of corruption cases uncovered in 1996 is also bound to have an impact on the election results. Furthermore, voters' awareness of their role and rights in the political process has undoubtedly improved since previous elections.

Third, despite this increasing awareness, and the existence of political parties, the personalities of candidates will continue to have a huge influence on voter choice. In a society with deeply rooted patronage-based electoral and coalition politics it will be a long time before parties become an important variable in determining election outcomes. Patronage-based politics have intensified in recent years as a result of candidates' access to substantial amounts of money that could be used for campaigning. This is particularly so for current members of parliament, who have personal control of project funds worth S\$200,000 each year through the Constituency Development Fund.

TARCISIUS TARA KABUTAUAKA

## References

- CBSI, Central Bank of Solomon Islands. 1996. *Quarterly Review*. Honiara.
- National*. Port Moresby.
- Roughan, John. 1996. *Solomon Citizen*, 29 October.
- sc*, *Solomon Citizen*. Honiara. Weekly.
- SINP, Solomon Islands National Parliament. 1995. *Hansard Parliamentary Report*. June. Honiara.
- . 1996. *Provincial Government Bill 1996*. Honiara.
- SN*, *Solomon Nius*. Honiara. Government monthly.
- ss*, *Solomon Star*, Honiara. Twice weekly.
- sv*, *Solomon Voice*. Honiara. Twice weekly.

## VANUATU

The year of living dangerously might aptly describe 1996 in Vanuatu.

The short life-expectancy for the newly elected Vohor-Lini government, forecast in this review at the close of 1995, was quickly fulfilled and ushered in a year in which the institutions of the state were continuously assaulted and their integrity dangerously threatened. The parliament, the government, the judiciary, the police and mobile force, and the Office of the Ombudsman were all at various times under attack and in peril. At year's end, much as in a bad year for cyclones, the country had survived the storms and an apparent calm prevailed, but the trail of destruction left in its wake was observable everywhere. It remains to be seen how well the



exotic species of Westminster-style parliamentary government recovers from the havoc.

On 4 January 1996, newly elected Prime Minister Serge Vohor married and on the tenth departed the country to attend the funeral of the late President of France François Mitterrand, leaving the government in the hands of his coalition partner and deputy, Father Walter Lini. Lini's pre-election remark that "in politics there is no forgiveness" was rapidly given practical expression in the replacement by party faithful of the directors of Civil Aviation, Public Works, Health, and the Cultural Centre; the suspension of the heads of the Police Special Branch and the National Tourism Office; and public acknowledgment that the contract of Chief Justice d'Imecourt, due to expire in March, would not be renewed. Lini's failure to spare Union of Moderate Parties (UMP) followers from his purge of public servants in portfolios under his control soon led to complaints that the government seemed to be a National United Party (NUP)–UMP coalition, not the other way round. That discontent early became a stalking-horse for former Prime Minister Carlot-Korman's ambition to supplant his own party leader in the top job. Carlot-Korman was not reconciled to his loss of the prime ministership, and Amos Andeng, UMP member for Ambrym, while less driven by personal ambition, was not reconciled to his party's failure to win government in its own right—a failure he blamed on Vohor and his faction in the party.

On 31 January the Speaker's office announced that a motion of no confi-

dence, signed by a majority of the members of parliament, had been lodged requesting an extraordinary session to debate it. Andeng and six UMP members of parliament had joined the 20-member Unity Front (UF) opposition in Vanuatu's 50-seat parliament to upset the new government. Vohor responded by accusing Carlot-Korman of fomenting the move against him. Father Lini, foreseeing the need to have a competent justice to hear constitutional cases, and in spite of his earlier remarks, proceeded to extend the contract of the chief justice for two years. On 7 February, Vohor sought an order to prevent the parliament from sitting the following day, and when denied by the Supreme Court, stunned his colleagues and the nation by announcing that he was resigning from the prime ministership with immediate effect. At 10 o'clock next morning President Leye Lenelcau signed a decree dissolving the parliament, an act that helped to explain Vohor's sudden resignation. At noon, Radio Vanuatu announced that contrary to any reports, the president had not dissolved parliament. To add to the confusion, later that night Radio Vanuatu broadcast a prerecorded interview with the president in which he discussed the reasons that had led him to issue the decree. Both local newspapers next day reported parliament's dissolution. The attorney-general obtained a court order restraining publication of any such statement.

In the interval before Carlot-Korman was elected prime minister on 23 February, an extraordinary sequence of events took place: Lini, angered by the court's failure to pre-

vent parliament from sitting, set up a commission of inquiry into the former prime minister, and the chief justice patently intended to dismiss him for gross misconduct; Vohor purported to revoke his resignation and resume office, and Lini, in his last hours as minister for justice, acted to suspend or dismiss the commissioner of police, the chief justice, the attorney-general, the clerk and deputy clerk of the parliament, and was considering action to remove the president! His actions were all beyond his legal authority and, taken together, seem calculated to have effected a coup d'état by administrative means.

On 23 February, the floor of the House itself became a battleground, where the police were first asked to persuade the acting Speaker to vacate the chair for the conduct of the session, and later forcibly to remove from the chamber Vanuatu's only woman member of parliament, Hilda Lini. Following the defeat of the Vohor government and the swearing-in of Carlot-Korman and his ministry, the day's proceedings were immediately challenged in court. On 1 March, the chief justice, in confirming the validity of the appointment of the new prime minister and dismissing all the several grounds for Vohor or Lini's application, observed: "The facts . . . show . . . that every officer of the Government or Parliament was doing his utmost to ensure that the due process of Parliamentary democracy should operate within the Constitution and the rule of law."

However, a change in government did not bring greater stability or better governance; on the contrary, it served to introduce new elements of instabil-

ity into the previous cohesion of the Unity Front, and even into the Vanua'aku Party (vp) itself. There, dissatisfaction among backbenchers with the allocation of ministerial portfolios, which was seen as favoring the four smaller parties in the coalition, rankled to the point of some party members talking of crossing the floor to join in another vote of no confidence.

In April, parliament passed the 1996 budget almost six months late and considered two reports by the ombudsman, one identifying serious problems in public administration arising from lack of guidance on correct procedures or the failure to observe them where they did exist, and the other castigating the failures of past governments to enact the constitution's stipulations on multilingualism. They launched what was to become a volley of damaging broadsides against the government and ministers as the year progressed and more and more abuse of public office occurred.

The rift in the Union of Moderate Parties widened further in May when Vohor's faction boycotted a national party congress convened by Carlot-Korman, which then elected him president. The party now found itself with two national executives. Proliferation of parties continued as a former high-profile UMP woman activist, Maria Kalsakau, founded her own "Liberal Party." For the first time since independence, two ni-Vanuatu, Kalkot Matas Kelekele and Vincent Lunabeck, were appointed justices of the Supreme Court.

Vanuatu's Finance Minister Barak Sope, the mercurial leader of the Melanesian Progressive Party (MPP),

also began to exert his muscle in May and backed some “adventurous” development proposals, including a geothermal power plant, a cement factory, a mine and tourist complex, the sale of investor passports, and the issue of a license to the “Dragon Bank” despite doubts about its record in Indonesia. Far and away his most imaginative initiative was the issue of ten US\$10 million bank guarantees to be traded on international financial markets by an Australian, Peter Swanson, and some US business associates. The guarantees issued by the Reserve Bank of Vanuatu were signed by the prime minister, the finance minister, the governor of the Reserve Bank, and the first secretary of the Finance Ministry. Their total value was more than twice the value of Vanuatu’s national reserves and promised a risk-free profit from short-term interest of US\$250 million in two years.

The ombudsman completed an urgent investigation into the bank “scam” in early June and sent copies of her draft report to the prime minister, the foreign minister, and the deputy prime minister as required prior to public release. At the beginning of July, in the absence of any response from the government, the ombudsman publicly released her report, in which she recommended that the president reprimand the prime minister and that the prime minister dismiss Sope, the governor of the Reserve Bank, and the minister’s first secretary for their involvement in the matter. Carlot-Korman, infuriated by the report’s publication, repudiated it as inaccurate and irrelevant, accused the ombudsman as a “foreigner” (despite her Vanuatu citi-

zenship) of interference in Vanuatu’s internal affairs, and, following the recovery of the documents in London by the British police, claimed that his government’s actions had rectified the situation. Unable to discipline Sope, on whose continued support in parliament his government depended, Carlot-Korman hit out at others and threatened to withhold the salaries of staff at Radio Vanuatu if a news item on the ombudsman’s report was not withdrawn. As soon as Swanson returned to Vanuatu from overseas he was arrested and remanded in custody without bail by the Magistrate’s Court. On appeal, the chief justice agreed to grant bail, but on impossible terms—the return of the ten bank guarantees, a surety of 10 million vatu, and the surrender of all his travel documents, including a Vanuatu diplomatic passport.

At the beginning of August, under increasing pressure from the publicity flowing from the ombudsman’s report and from other members of his own government, Carlot-Korman finally reshuffled his cabinet, moving Sope from Finance to Trade, Commerce and Industry; his MPP colleague Edgell from Lands; and Ravutia of the Fren Melanesie Party (FMP) from Tourism and Communications in order “to inject fresh blood” into the development effort. Sope’s reaction was to enter immediately into negotiations with the opposition. Given cause, the prime minister dismissed him from the ministry entirely on 12 August. He also dismissed Sope’s associates Edgell and Tan Union (TU) members Boulekone and Ravutia, who had formed a new political grouping, the MTF (M for Melanesian Progressive Party, T for

Tan Union, and F for Fren Melanesie), for negotiating with the opposition. The sacked ministers all put it about publicly that they had resigned before being pushed, and the Vanua'aku Party acquired an additional ministry in the reshuffle.

Thus strengthened, the opposition parties requested an extraordinary session of parliament on 20 August, but the Speaker denied it on a technicality. Facing defeat in parliament, Carlot-Korman threatened to prosecute his erstwhile ministers for "treason" in treating with the opposition to overthrow the democratically elected government, a folly so extreme it is explicable only as a Napoleonic delusion of Carlot-Korman's that "*l'état c'est moi*." The attorney-general advised that charges of sedition could be expected to be prosecuted successfully. The Speaker, now embroiled in the machinations of the prime minister to retain power at all cost, announced that the sitting already scheduled for 26 August would be deferred until 30 September. The opposition, whose ensuing petition for an extraordinary session was again rejected by the Speaker, applied to the Supreme Court for an order, and on 2 September the court held the Speaker's ruling unconstitutional and ordered the parliament to sit in seven days. The government, deeming the court's order an infringement by the judiciary of the constitutional principle of the separation of powers, took the matter to the Court of Appeal, which comprised two judges from New Zealand and one from Britain. On 16 September the appeal was dismissed and parliament ordered to sit on 25 September.

Faced with irresistible numbers against him, Carlot-Korman brokered a reconciliation with Vohor and published the points of their agreement in a joint memorandum of understanding on 19 September, under which the decisions of the rival party congresses were declared null and void, the court case over the competing claims to the name Union of Moderate Parties was withdrawn, and a Vohor adherent was appointed minister for Land and Natural Resources. Three days later Carlot-Korman denounced Vohor for lying and abandoned the agreement. Vohor immediately signed an agreement with the opposition parties, under which he would again become prime minister. Parliament, failing of a quorum for its sitting on 25 September, reconvened on the thirtieth for only as long as it took the Speaker to close it on an alleged procedural irregularity. Back in court again for urgent redress, Justice Lunabeck ordered parliament to sit at 7:30 the same night and stated that the Speaker should be tried for contempt of court. The opposition's vote of no confidence in Carlot-Korman was carried, and Vohor was elected prime minister. Barak Sope, for whose blood they had so recently bayed while in opposition, was installed as deputy prime minister. It took Vohor two weeks to complete his ministry, mostly because Willie Jimmy, who had become leader of the opposition after the change of government in February, had pretensions to the position of prime minister. Disappointed in those hopes, he threatened to bring down the government and stood out, resisting ultimate appointment as minister for Foreign Affairs and Immigration.

Back in office and finding himself acting prime minister in Vohor's absence, Sope immediately moved to resuscitate the bank guarantee scheme, which he persisted in claiming was a good deal for Vanuatu. In the name of the Vanuatu government he demanded that the ten documents being held by British government authorities be returned. Fortunately, the British authorities managed to stall on technical legal grounds. Meantime the ombudsman released yet another report condemning Sope for alleged breaches of the leadership code, illegally signing a \$250,000 guarantee in his previous term as finance minister, and pressuring the National Provident Fund into a major investment in a system of electronic banking known as Cybank. In response to the report's publication in October, Sope asserted there was a conspiracy involving Australia to prevent Vanuatu gaining real financial independence and, in a memorable utterance, declared that "the fact that the Ombudsman can investigate a Minister is detrimental to the operation of a democracy."

On 19 October, in what could prove to be a move of profound significance for the future of stable government in Vanuatu, the leaders of the two major anglophone parties, Father Lini and Donald Kalpokas, conducted a formal custom reconciliation, apparently mending the rift that occurred in 1991 and brought more than a decade of anglophone dominance of Vanuatu politics to an end. On 25 October, in a surprise move that must have flowed from the VP-NUP reconciliation, Vohor sacked Sope and his MTF colleagues and replaced them with able and expe-

rienced ministers from the Vanua'aku Party. Vohor now enjoyed a large parliamentary majority and was relatively free from the perpetual threat of no-confidence motions that had preoccupied politicians and paralyzed all government programs continuously since the general elections in late 1995. It also produced, for the first time since 1991, a two-thirds anglophone majority in the twelve-member Council of Ministers.

In October the government was again in the Supreme Court seeking to set aside a decision of Carlot-Korman's government to dissolve all six provincial councils, for electoral irregularities in some and gross maladministration in others, and to conduct fresh elections on the twenty-ninth under a new electoral system thought to disadvantage smaller parties. It failed in court, and elections were held on 4 November. They were notable only because support for the National United Party fell, and the new Liberal Party of Maria Kalsakau won its first seat in an election.

Lini's animus toward the chief justice was of long standing, and in October he completed what he had failed to do in February by canceling his contract. D'Imecourt, however, remained a judge because procedurally only the president, acting on the recommendation of the Judicial Services Commission, could dismiss a judge. Frustrated by the law's delay, the police were instructed to deport him with only two hours' notice. The judge managed to obtain an injunction restraining their action but remained in a state of siege while prosecution and plaintiff's counsel struggled daily over

its execution. Agreement was ultimately reached that the chief justice and his family would leave Vanuatu and stay in Noumea pending a hearing of his claim of wrongful dismissal at the end of November. The Vanuatu government would in the interim continue to pay his salary, his accommodation costs and per diem in Noumea, and would guarantee his return travel and entry to the country at the time of his lawsuit.

While politicians thus played power games and tied up the Supreme Court with adjudicating the constitutionality of their dubious stratagems and ruses, a far more dangerous threat to the exercise of democratic government was fermenting in the Vanuatu Mobile Force, the paramilitary wing of the police force.

In August, members of the Vanuatu Mobile Force held a meeting to discuss a rankling grievance over the nonpayment of allowances going back over a number of years. At the time Hilda Lini referred publicly to rumors of a planned coup d'état that at the time seemed no more than a rhetorical trope in the midst of the government's ever more desperate efforts to avoid defeat in a vote of no confidence. The rumor was quickly denied by the commissioner of police, but stung the prime minister's office into ordering the sacking of the three Radio Vanuatu journalists responsible for the story.

In September, 107 members of the Vanuatu Mobile Force wrote to the minister for Home Affairs demanding payment of their outstanding allowances, a demand that was rejected by the minister as an internal budgetary problem for the force to resolve. In

response, they declared they would "stand down" from duty and refuse to obey the orders of their commanding officers. Frustrated by continued failure to redress their grievances, they decided to take the law into their own hands. In an act of rebellion on 12 October, an armed detachment abducted the president from his bed, dragooned a Vanair pilot from his sleep, commandeered a domestic aircraft, and before dawn took off for Malekula and a surprise early audience with the acting prime minister. Sope and Member of Parliament for Malekula Sato Kilman, rather less roughly constrained than the other two, agreed to return to Port Vila with them on the plane and to call a meeting of the Council of Ministers. At the same time the stand-down group detained their commanding officers under armed guard at Cook Barracks and forcibly abducted the police commissioner, their supreme commander. Later in the afternoon, at a meeting in Independence Park, Sope announced the establishment of a commission of inquiry to investigate their claims and stated that no action would be taken against any member of the stand-down group. The Vanuatu Mobile Force's actions and their impunity from reprisals emboldened them to reject nominations for acting commanders to replace those they had already driven from the barracks, and created growing uneasiness and tension among people in the capital at the veto power over government the military now seemed to enjoy.

As a result of unrelated developments, Vohor, on 7 November, complying with a decision of the NUP congress, replaced Hilda Lini as minis-

ter of justice by her brother Father Lini, to whom Vohor delegated responsibility for resolving the crisis with the Vanuatu Mobile Force. The same day the VMF stand-down group, impatient with the failure of the commission of inquiry to report to them by the end of the previous month, invaded the Department of Finance and roughly abducted an expatriate Australian accountant, David Schupp, to Cook Barracks to explain the delay. This assault on a civilian—moreover, a foreign national—was seen as a serious escalation in their violence.

On 12 November, in a bold, courageous, brilliantly planned and executed move, Lini surprised and arrested 150 members of the Vanuatu Mobile Force with a small tactical force of police commanded by Peter Bong, the former head of the Criminal Investigation Department who had been forced into early retirement earlier in the year. All but about thirty of those arrested were released within twenty-four hours, but those detained were denied bail to face charges of kidnapping. They included Corporal Kilman, the most prominent negotiator for the stand-down group, and his elder brother Sato Kilman, MP, a former commanding officer of the Vanuatu Mobile Force and police commissioner. Sato Kilman was eventually granted bail, and the others enjoyed only a day or two of liberty at Christmas–New Year before returning to the lock-up to await trial in late January.

Before year's end, Hilda Lini's loyalty to her brother finally failed, and she resigned from the National United Party, deploring the failure of all the major political parties to deliver development to the people. A few

weeks afterward she announced the formation of a new "movement" the Tuvanuatu Movement, which she said was not a political party but a grass-roots movement based on traditional economic and political systems to restore power to the chiefs.

In December, parliament sat in ordinary session and passed the 1997 budget, which revealed a deficit in government outlays in 1996 equal to almost 10 percent of the recurrent budget—a shortfall attributed to massive import duty exemptions granted by the former finance minister and to overspending on public sector salaries, which had increased by 30 percent since 1994. Budget priorities were focused on health and education and for savings to be found through downsizing public service numbers and improving service delivery. Regrettably, the bill to enact the Leadership Code was withdrawn for unspecified reasons, but most probably because of provisions for it to be retrospective to the time of independence.

Moves were also reportedly afoot to mend the rift in the Union of Moderate Parties, and Carlot-Korman was reported to have accepted that Vohor would remain prime minister. These reports will again unsettle the coalition, because, if effected, Vohor would need to drop NUP or VP ministers to make way for his party colleagues. Rumors around Port Vila spoke of the National United Party losing out. But the recent reconciliation between Lini and Kalpokas may well militate against easy rearrangement among partners now accustomed to betrayal.

At year's end, although the country had survived a succession of political

dramas, two coup attempts, and the sacking of the chief justice, the Supreme Court had three major cases before it, all heavily weighted with political significance—the prosecution of Peter Swanson for his involvement in the bank guarantee scheme; the prosecution of the mutinous members of the Vanuatu Mobile Force, behind which lurks the shadow of a possible coup attempt involving other nonmilitary figures; and the appeal by the former chief justice against wrongful dismissal. On the positive side of the balance sheet, the government enjoyed a current majority in parliament large enough to enable the implementation of policy and programs for the first time in twelve months; it had quelled an insurrection in its armed force, which for several months had held a

veto over all actions affecting their interests of which they did not approve; and it had removed a controversial judge who had himself become a factor in local politicking in ways inimical to continued respect for the independence and impartiality of the bench. The year 1997 promises more “interesting times” in Vanuatu.

DAVID AMBROSE

### *References*

*Pacific Report*. Canberra. Fortnightly newsletter.

Radio Australia.

Radio Vanuatu.

*Trading Post*. Port Vila. Weekly.

*Vanuatu Weekly*. Port Vila.